

immediately notified of all nominations this day confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

RECESS TO MONDAY

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 19 minutes p. m.) the Senate took a recess until Monday, April 29, 1946, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 26 (legislative day of March 5), 1946:

SELECTIVE SERVICE SYSTEM

Joseph Kormann for appointment as Assistant Chief, Research and Statistics Division, Philadelphia Branch, Selective Service System, under the provisions of section 10(a) (3) of the Selective Training and Service Act of 1940, as amended.

Compensation for the position of Assistant Chief, Research and Statistics Division, Philadelphia Branch, Selective Service System, will be at the rate of \$6,230 per annum.

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for appointment and promotion in the Regular Corps of the United States Public Health Service:

TO BE SENIOR ASSISTANT SCIENTISTS, EFFECTIVE DATE OF OATH OF OFFICE

Raymond Fagan	William J. Bowen
George A. Hottle	Falconer Smith
Samuel B. Salvin	

ASSISTANT SURGEONS TO BE SENIOR ASSISTANT SURGEONS, EFFECTIVE DATES INDICATED

Edwin D. Merrill, March 25, 1946.
Vernon G. Guenther, October 8, 1945.
Manrico A. Troncellito, February 8, 1946.
Herbert Tabor, January 1, 1946.

ASSISTANT SANITARY ENGINEER TO BE SENIOR ASSISTANT SANITARY ENGINEER, EFFECTIVE JANUARY 30, 1946

Donald L. Snow

SENIOR SURGEON TO BE TEMPORARY MEDICAL DIRECTOR

Franklin J. Halpin

SENIOR ASSISTANT SURGEONS TO BE TEMPORARY SURGEONS

Eugene J. Gillespie	Robert W. Blach
Charles W. Parker	Frederick K. Albrecht
Carlton H. Waters	Alfred H. Lawton
John L. Lincoln	Marion B. Richmond
Clarence B. Mayes	Glen E. Ogden
Donald W. McNaughton	

ASSISTANT SURGEON TO BE TEMPORARY SENIOR ASSISTANT SURGEON

Robert E. Staff

SENIOR ASSISTANT DENTAL SURGEON TO BE TEMPORARY SENIOR DENTAL SURGEON

George A. Nevitt

SENIOR ASSISTANT DENTAL SURGEON TO BE TEMPORARY DENTAL SURGEON

John C. Heckel

ASSISTANT DENTAL SURGEON TO BE TEMPORARY DENTAL SURGEON

Joseph E. Unsworth

ASSISTANT DENTAL SURGEON TO BE TEMPORARY SENIOR ASSISTANT DENTAL SURGEON

Stanley J. Ruzicka

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POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Ruth Camp McCarter, Malone, Ala., in place of E. C. Dobson, resigned.
William H. McDonough, Whistler, Ala., in place of W. H. McDonough. Incumbent's commission expired June 23, 1942.

ARKANSAS

Finis F. Wood, Pea Ridge, Ark., in place of E. L. Armstrong, transferred.
Jerry Bassett, Walnut Ridge, Ark., in place of J. J. Sharum, resigned.

CALIFORNIA

Robert F. Keefe, Folsom, Calif., in place of H. M. McFarland, resigned.

GEORGIA

Clem Holland, Resaca, Ga., in place of F. F. Barnett, retired.

INDIANA

Ruth E. Noonan, Lagro, Ind., in place of G. M. Mougeotte, resigned.
Dorothy L. Patten, Yoder, Ind. Office became Presidential July 1, 1945.

IOWA

John W. Downey, Argyle, Iowa. Office became Presidential July 1, 1945.
Clifford L. Hamilton, Bettendorf, Iowa, in place of A. R. Otto, resigned.
Edward F. Floody, Castalia, Iowa. Office became Presidential July 1, 1945.
Emma M. Skoda, Protivin, Iowa, in place of W. M. Landa, resigned.
Selma P. Paulson, Rutland, Iowa. Office became Presidential July 1, 1945.
George H. Ellerhoff, Sperry, Iowa. Office became Presidential July 1, 1945.

KANSAS

Elmer G. Jackson, Manhattan, Kans., in place of W. E. Moore, retired.

MARYLAND

Edith W. Dewey, Elk Mills, Md., in place of E. S. Wright, to correct name.

MASSACHUSETTS

Wilfred E. Miller, Griswoldville, Mass., in place of W. A. Smith, resigned.

MICHIGAN

Claude L. Bauman, Shingleton, Mich. Office became Presidential July 1, 1945.

NORTH CAROLINA

Lawson J. McCombs, Faith, N. C. Office became Presidential July 1, 1944.

OHIO

E. Alice Rushton, Kingsville, Ohio, in place of W. N. Long, resigned.

TEXAS

Roxie L. Dunn, Forestburg, Tex., in place of Roe Sledge, transferred.
Rufus O. Warner, Pearland, Tex., in place of M. M. Reasoner, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 26 (legislative day of March 5), 1946:

FOREIGN SERVICE

Joseph Flack to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bolivia.

J. Rives Childs to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Kingdom of Saudi Arabia.

Edwin F. Stanton to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Siam.

TO BE CONSULS GENERAL OF THE UNITED STATES OF AMERICA

Charles A. Bay
H. Merrell Benninghoff
Kenneth C. Krentz

TO BE FOREIGN-SERVICE OFFICERS, UNCLASSIFIED, VICE CONSULS OF CAREER, AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Keld Christensen	Robert H. Lunt
Robert J. Gibbons	Elie Jan Nadelman
David G. Nes	Miss Helen R. Nicholl
Robert M. Sheehan	Robert Irving Owen
Henry C. Barkhorn, Jr.	Claiborne Pell
Herbert S. Bennett	

UNITED STATES PUBLIC HEALTH SERVICE

Thomas A. Foster to be a pharmacist in the Regular Corps, United States Public Health Service, effective date of oath of office.

IN THE ARMY

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

To be brigadier generals

Telford Taylor
Conrad Edwin Snow
Maurice Hirsch

SENATE

MONDAY, APRIL 29, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rabbi Norman Gerstenfeld, minister, Washington Hebrew Congregation, Washington, D. C., offered the following prayer:

O Heavenly Father, we meet this hour in a world trembling on the edge of chaos, a world moving rapidly downward into the anarchy of a ghastly morrow that will sweep like a tidal wave out of the impenitent evil of the Old World to engulf our own homes and burden the future of this blessed land with new tragedy and tyranny to curse the generations to come. Open Thou our eyes so that we can see the duty that rests upon us in this hour. Clear Thou from our hearts the self-righteousness that would blind us to our own failings. Make us to understand that we, too, by our own default, were responsible for the weakening of the peace that permitted the bloody holocaust of evil to capture the high places of mankind. Guide us in this hour so that we do not fail the hope of the morrow for which the bleeding torso of a crucified humanity now prays. Strengthen Thou our souls so that we will now arise to our full duty, as the chosen instruments of high purpose of a free people, so that we will help save our land from the backwash of chaos that will now come if we do not press forward to bring the fruits of victory to the foot of an altar of a new covenant of justice and peace; for Thine must now be the kingdom, the power, and the glory. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the

Journal of the proceedings of the calendar day Friday, April 26, 1946, was dispensed with, and the Journal was approved.

LEAVE OF ABSENCE

Mr. THOMAS of Utah. Mr. President, due to a long-standing appointment, I have to be out of Washington for some days. I therefore ask unanimous consent to be excused from the Senate after Wednesday of this week, to be back by the following Monday.

The PRESIDENT pro tempore. Without objection, leave is granted the Senator from Utah.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on April 27, 1946, the President had approved and signed the act (S. 1310) for the relief of Saunders Wholesale, Inc.

PETITIONS

The PRESIDENT pro tempore laid before the Senate the following petitions, which were referred, as indicated:

A joint memorial of the Legislature of the Territory of Alaska; to the Committee on Appropriations:

"House Joint Memorial 8

"To the Congress of the United States; Hon. Julius A. Krug, Secretary of the Interior; the Alaska Fish and Wildlife Service; and Hon. E. L. Bartlett, Delegate to Congress from Alaska:

"Your memorialist, the Legislature of the Territory of Alaska, respectfully represents that:

"Whereas expansion of Alaska's fishery is vitally important to the development of the Territory; and

"Whereas the Fish and Wildlife Service, upon request of the Alaska Development Board, recently instituted a preliminary investigation of the fishery possibilities of the Bering Sea in the Nome area, in connection with which A. W. Anderson, Chief, Division of Commercial Fisheries, and C. V. Carlson, fishery engineer, personally studied the situation and rendered a favorable report; and

"Whereas provisions of said report included a recommendation that an 80-foot vessel be built and equipped to carry out a 3-year survey in the premises:

"Now, therefore, your memorialist, the Legislature of the Territory of Alaska, in extraordinary session assembled, respectfully urges that Congress appropriate sufficient money for the United States Fish and Wildlife Service to build such boat and carry out such survey.

"And your memorialist will ever pray."

A letter in the nature of a petition from F. Tom-Pee-Saw, of Parsons, Kans., relating to the claims of the various Indian tribes against the British Commonwealth as set out under the provisions of articles 4 and 5 of the treaty of July 4, 1805; to the Committee on Banking and Currency.

A petition of sundry Filipino students of the University of Michigan and their American friends, praying for the enactment of legislation granting Filipino veterans full benefits of the GI bill of rights; to the Committee on Finance.

APPROPRIATIONS FOR SCHOOL LUNCHES

Mr. TUNNELL. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in

the RECORD a resolution adopted by Wilmington Aerie, No. 74, Fraternal Order of Eagles, Wilmington, Del., favoring Federal appropriations to the States for school lunches.

There being no objection, the resolution was received, referred to the Committee on Appropriations, and ordered to be printed in the RECORD, as follows:

FRATERNAL ORDER OF EAGLES,
WILMINGTON AERIE, No. 74,
Wilmington, Del.

HON. JAMES M. TUNNELL, Sr.,
Senate Building, Washington, D. C.:

Whereas there is now pending in Congress legislation which would provide annual Federal appropriations to the States for school lunches, and which would place Federal school-lunch aid on a permanent basis; and

Whereas the Fraternal Order of Eagles has sought to improved child health, and has advocated as a major part of a child-health program school lunches for every community; and

Whereas there are many States and communities which are unwilling or unable to provide school lunches, with the result that children, through no fault of their own, are denied adequate nourishment; and

Whereas in many communities mothers are not fully informed on the preparation of wholesome meals, or are too many to prepare sustaining school lunches; and

Whereas surveys have disclosed that a major cause of juvenile delinquency is malnutrition and ill health of children, and the Fraternal Order of Eagles has waged long and unceasing warfare on juvenile delinquency, regarding measures to improve the general health of children a potent weapon in this battle; and

Whereas properly prepared and nutritious food for school children is essential to health, happiness, and good grades, and does contribute to the well-being of America's future citizens and the general welfare of the Nation itself; Now, therefore, be it

Resolved, That Wilmington Aerie of the Fraternal Order of Eagles herewith endorses the principle of pending school-lunch appropriations legislation; be it further

Resolved, That copies of this resolution be sent to President Harry S. Truman, the United States Senators from Delaware, and the Congressman of this district.

THOMAS F. WALSH, Jr.,
Worthy President.

Attest:

WM. F. HAYES,
Secretary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD, from the Committee on Finance:

S. 1760. A bill to decrease the debt limit of the United States from \$300,000,000,000 to \$275,000,000,000; with an amendment (Rept. No. 1261).

By Mr. EASTLAND, from the Committee on the Judiciary:

S. 2101. A bill to amend the Trading With the Enemy Act, as amended, to permit the shipment of relief supplies; with amendments (Rept. No. 1262).

By Mr. McCARRAN, from the Committee on the Judiciary:

H. R. 5317. A bill to amend the act establishing the Hot Springs National Park; without amendment (Rept. No. 1263); and

H. J. Res. 304. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1946, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; without amendment (Rept. No. 1264).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Utah:

S. 2120. A bill to amend the act of February 5, 1917, as amended by the act of June 28, 1940, providing for the deportation of undesirable aliens to the Committee on Immigration.

By Mr. MURDOCK:

S. 2121. A bill for the relief of Herman Ernst Grimeisen and Cecile Grimeisen; to the Committee on Immigration.

By Mr. RUSSELL:

S. 2122. A bill to facilitate the admission into the United States of the alien fiancées or fiancés of members of the armed forces of the United States; to the Committee on Immigration.

By Mr. BUTLER:

S. 2123. A bill for the relief of Lizzie Reynolds, administratrix of the estate of Grace Reynolds, deceased; to the Committee on Claims.

By Mr. MCFARLAND (for himself and Mr. JOHNSON of Colorado):

S. 2124. A bill providing for an increase of and continuance of payment of compensation or pension to a child of a deceased World War I or II veteran during education or training; to the Committee on Finance.

By Mr. HOEY:

S. 2125. A bill to amend the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplementary thereto; to the Committee on the District of Columbia.

(Mr. HATCH (by request) introduced Senate bill (S. 2126) to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior, which was referred to the Committee on Public Lands and Surveys, and appears under a separate heading.)

By Mr. ELLENDER (by request):

S. 2127. A bill to create an Evacuation Claims Commission under the general supervision of the Secretary of the Interior, and to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Claims.

(Mr. WAGNER introduced S. J. Res. 156, to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

DISPOSAL OF CERTAIN MATERIALS OR RESOURCES ON PUBLIC LANDS

Mr. HATCH. Mr. President, by request of the Secretary of the Interior I ask unanimous consent to introduce for appropriate reference a bill to provide for the disposal of materials or resources on the public lands, and I request consent to have printed in the RECORD a letter addressed to the President of the Senate from the Secretary of the Interior recommending the enactment of the bill.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and, without objection, the letter will be printed in the RECORD.

The bill (S. 2126) to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior was read twice by its title and referred to the Committee on Public Lands and Surveys.

The letter from the Secretary of the Interior, presented by Mr. HATCH, is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, D. C., April 9, 1946.

Hon. KENNETH MCKELLAR,
President of the Senate.

MY DEAR SENATOR MCKELLAR: There is enclosed for consideration of the Congress, a proposed bill "to provide for the disposal of materials or resources on the public lands of the United States which are under the exclusive jurisdiction of the Secretary of the Interior."

I request that this proposed bill be referred to the appropriate committee for consideration and recommend its enactment.

The proposed bill is designed to place in the form of permanent legislation authority to dispose of materials and resources on public lands substantially similar to the temporary authorization of the act of September 27, 1944 (58 Stat. 745, 50 U. S. C. App., secs. 1601-1603). The latter act will expire by its terms "at the cessation of hostilities in the present war as determined by the President by proclamation or the Congress by concurrent resolution."

The proposed bill would authorize the Secretary of the Interior to dispose of sand, stone, gravel, vegetation, timber and other materials or resources on the public lands under his exclusive jurisdiction, with the exception of national parks, national monuments, or Indian lands, if such disposal is not otherwise expressly authorized or prohibited by law and if he finds that such disposal would not be detrimental to the public interest. Thus, the bill would not interfere with or impair the operation of the mining laws in any respect.

Disposition of materials and resources would be limited to quantities the value of which shall not exceed \$15,000. The payment of adequate compensation would be required. Where the appraised value of the material or resource exceed \$1,000, it would be disposed of only to the highest responsible qualified bidder by competitive bidding and after publication in a newspaper of general circulation in the county in which it is located. Where the appraised value is \$1,000 or less it would be disposed of upon such notice and in such manner as the Secretary may prescribe. An annual report to the Congress of dispositions under the bill would be required.

There is an urgent need for express permanent legislation of this nature which would authorize the disposition of these materials and resources with due regard for the principles of resource protection and proper land utilization.

There has been and will be a consistent demand for green, live, and standing timber, sand, stone, gravel, and other materials and resources, the disposal of which is not expressly authorized or prohibited by law. Thus, for example, this Department has received many requests from lumber manufacturers for permission to remove live timber which is not susceptible of management under a sustained yield program under the act of March 29, 1944 (58 Stat. 132, 16 U. S. C., secs. 583-5831). It has also received numerous requests from railroad companies for permission to take stone, which is not of such quality or quantity as to permit its acquisition under the mining laws, for use in repair, maintenance and construction of railroad bridges, abutments, and rights-of-way. But, apart from temporary war legislation, there is no express authority to dispose of such timber and stone other than to dispose of the title to the land containing such materials under the obsolete stone and timber laws. (Act of June 3, 1878, 20 Stat. 89, 43 U. S. C., secs. 311-313, as amended.) Disposals of lands in this fashion, however, have resulted in a waste not only of timber

and stone, but also the soil and other resources of the areas affected, and are contrary to the Government's established policy of resource conservation on the public domain.

Again, this Department has received applications to acquire sand and gravel, which are not of such quality or quantity as to be subject to the mining laws, from counties and towns for use in road construction or maintenance on non-Federal aid highways and from construction companies for use in making cement. Requests have also been received for permission to tap trees for turpentine, and to acquire yucca, scrub pine, mesquite, and other vegetation for the purpose of providing such diversified products as splints and other wood substitutes, rope, twine, burlap, disinfectants, and candy. Although the public value of permitting the sale of such resources for the development of substitutes for critical materials was amply demonstrated during the war, there is no express permanent legislation which would permit their disposal.

With reconversion and the reestablishment of civilian activity, it is reasonable to expect that the demand for these materials and resources will continue and most likely increase. The enactment of the proposed bill would expressly authorize this Department to meet these demands consistent with sound conservation principles and on a revenue-producing basis. Moreover, the bill, if enacted, would permanently correct the uneconomic legislative anomaly which would permit timber which is not appropriate for sustained yield management under the act of March 29, 1944, *supra*, to be sold only after it is dead, down, damaged, or threatened with damage and thus disposable under the act of March 4, 1913 (37 Stat. 1015, 16 U. S. C., secs. 614-615), as amended, and the act of September 20, 1922 (42 Stat. 857, 16 U. S. C., sec. 594).

It should be noted that the proposed bill covers "materials or resources," including sand, stone, gravel, vegetation, and timber or other forest products. Although this language is broader than that contained in the act of September 27, 1944, *supra*, it does not actually effect any change in the scope of that act. As already indicated, it does not affect the operation of the mining laws. Moreover, the materials and resources which are specified cover all those which are now believed to exist on the public lands. The broader language is necessary in this permanent legislation, however, in order to permit the disposal of such other materials and resources as may be found to be useful in the future.

The Bureau of the Budget has advised me that there is no objection to the presentation of this proposed legislation to the Congress.

Sincerely yours,

J. A. KRUG,
Secretary of the Interior.

EXTENSION OF RECONSTRUCTION FINANCE CORPORATION

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce for appropriate reference a joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, and request that an explanatory statement of the joint resolution be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the joint resolution will be received and appropriately referred, and the explanatory statement will be printed in the RECORD.

The joint resolution (S. J. Res. 156) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation was read twice

by its title and referred to the Committee on Banking and Currency.

The explanatory statement presented by Mr. WAGNER is as follows:

The effect of this joint resolution is to extend the succession of the Reconstruction Finance Corporation through June 30, 1952, representing a period of approximately 5½ years over that provided in existing law. The June 30 date was selected so as to make the period of the Corporation's succession correspond with the fiscal year of Government agencies generally.

The resolution also extends the lending functions of the Corporation to June 30, 1949, a date which also corresponds with the fiscal year of Government agencies generally.

The Reconstruction Finance Corporation was created by the act approved January 22, 1932, and that law provided for its succession for a period of 10 years. Later, by act approved January 25, 1940, the succession of the Corporation was extended for an additional 5 years.

PROPOSED LOAN TO GREAT BRITAIN— AMENDMENT

Mr. CAPEHART submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes, which was ordered to lie on the table and to be printed.

VIEWS OF SENATOR AUSTIN ON THE BRITISH LOAN

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a discussion of the British loan, between Mr. Francis W. Tully, Jr., Washington correspondent of the Yankee Network, and myself over Station WNAC, Boston, and the Yankee Network, on Saturday, April 27, 1946, in which I express my support of the measure granting this credit.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the discussion was ordered to be printed in the RECORD, as follows:

Mr. TULLY. Senator AUSTIN, for the last week and a half the Senate has been debating the proposed Anglo-American financial agreement. Will you describe briefly what is included in this agreement?

Senator AUSTIN. The joint resolution before the Senate authorizes the Secretary of the Treasury to carry out the agreement made by our State Department and the representatives of the British Government. To put it briefly, we would extend to the British a credit of \$3,750,000,000 to be used during the next 5 years, and the British would have 50 years in which to pay it back. The British Government agrees to suspend some of the restrictions on international trade which she now maintains and to cooperate in negotiations for a general arrangement for expansion of commerce.

Mr. TULLY. Do you feel that the extension of this loan is a necessary step for this country to take?

Senator AUSTIN. I most emphatically do, both from the point of view of our own prosperity and of our position in the United Nations. The United Nations' effectiveness depends vitally upon the power of the United States in an economic, political, and military sense. Now, we have been reducing our military power to such a degree that other members of the United Nations, who

understand what these signs indicate, believe we are disqualifying ourselves to carry out our commitments respecting pacification of the enemy, building up the United Nations, and defending ourselves. Such weakness diminishes our leadership.

Mr. TULLY. How would this loan help?

Senator AUSTIN. Through it our economic and political power would be increased. It would put us in a position to pay our great national debt. We could not pay our debt within a reasonable period on the standards of yesterday, but only by increasing our production and employment and thus increasing our national income.

We could not increase our national income sufficiently by the old methods of economic warfare. We believe that we must adopt new methods to meet new problems.

Mr. TULLY. What are the new methods you feel we ought to adopt, Senator AUSTIN?

Senator AUSTIN. First, we must devote our attention to international commerce and the promotion of trade throughout the world. Secondly, we must remove or reduce the barriers which have interfered so greatly with foreign trade in past years. These include tariffs, subsidies, embargoes, quotas, blocked currencies, and preferential arrangements.

Access must be given to raw materials for all countries, especially for us, for what we have not is extremely necessary for us to have.

Mr. TULLY. You feel then, Senator, that the loan will put Britain in a position to remove some of these restrictions?

Senator AUSTIN. Yes, Mr. Tully; it seems clear that we cannot have an expansion of our employment and production if Britain is not relieved to the extent necessary for her to abolish the sterling-dollar pool and for her to abandon such restrictive policies as imperial preferences.

We believe that we cannot have expanding commerce without a general trade code. A financial investment extending this credit to Britain is really one way of equipping ourselves economically to pay our debts and get into a strong economic position.

Mr. TULLY. Senator, in talking with people about the loan I have found a good deal of confusion as to just how we will gain financial benefits from it. Will you go into that?

Senator AUSTIN. Before the war British people bought about one-fifth of all the goods that were exported by all the other countries in world trade. They were our largest single customer. Without this credit, Britain's purchases cannot reach the old volume, much less an expanded volume.

Mr. TULLY. But the British wouldn't use all the credit in buying American goods, would they?

Senator AUSTIN. No, of course not, but they must have dollars to engage in multilateral trade. The benefits to this country from an expanding world commerce are hard to calculate. For example, a manufacturer of machine tools in some New England city may want to sell his products in Australia.

Well, the British will use the loan in part to buy Australian goods and build up Australian dollar credits so that the company in Australia which needs machine tools can buy them from our New England concern.

Mr. TULLY. Many people do not understand just what is meant by the term "sterling bloc."

Senator AUSTIN. Well, before the war the "sterling bloc" included the British Dominions, except Canada, British Crown colonies, protectorates and mandated territories, Sweden, Norway, Denmark, Finland, Portugal, Greece, Japan, and Bolivia. During the major part of World War II the sterling area has comprised Britain, the Dominions, except Canada and Newfoundland, India, British mandates and protectorates, Egypt, the Anglo-Egyptian Sudan, Iraq, Iceland, and the Kaeroe Islands, and at one time the French and Belgian colonies. Before the

war the sterling area accounted for a large percentage of world trade. From 1936 to 1938 those countries bought nearly 30 percent of the world's imports and about 24 percent of total exports. Their currencies were tied to the pound. The sterling area controls have resulted in an accumulation in Britain of large accounts of blocked sterling balances. The loan agreement with Britain stipulates that part of these blocked balances must be made immediately convertible into dollars, another portion to be released after an interim period, and the rest funded on a long-term basis.

Under the London restrictions, when the British bought goods from India, for instance, they paid for them in pounds, which were restricted so that the people in India who received the pounds were unable to use them except to buy British goods. This set up a narrow channel of trade which prevented an expanding commerce.

Mr. TULLY. Several amendments have been proposed to the agreement in the Senate. Do you feel that they should be adopted?

Senator AUSTIN. We have made an agreement, after long and difficult negotiation, and upon that we now act in Congress. We are not in a position to modify it by act of Congress.

We must go ahead at a time when it is critically necessary to revive the commerce of the world. The next 6 months will be critical in world history because of the results of the war. The loan was written out in solemn agreement as to its terms. Now it is up to us to say, "Do we take it or do we leave it?"

If we modify the terms, we leave it. I don't want to leave it, because I am convinced that it is in our interest to take it.

Mr. TULLY. You have indicated, Senator, that you feel rather strongly that the financial considerations of the proposed loan are only a part of the whole picture.

Senator AUSTIN. Yes; this loan would be good business for us. Moreover, I regard this loan as necessary to peace. It tends toward a solution of the economic problems in the world which are at the root of international disputes. They are causes of war. Among such causes also is poverty of whole nations. We ought to extend our reasonable share of aid to the stricken and starving people of the earth even though the act costs us temporary inconvenience.

Mr. TULLY. Senator AUSTIN, you have said that the British credit is one step we can take to improve our position in the United Nations. What other things do you feel we should do?

Senator AUSTIN. The settlements are in my mind very important. But it has been said that the differences between Russian and western concepts of postwar adjustments are caused by Russian doubts of the efficiency of the United Nations. These doubts are likely to increase if the United States should fail to prepare to carry out her military obligations of occupancy of enemy territory, of furnishing the necessary armed forces to the United Nations, of garrisoning strategic island bases, and of maintaining home security. Our answer should be promptly made by enacting legislation which will extend the draft, provide universal military training and service, reorganize the armed forces, and control atomic energy. We must do these things in order that our military power may be efficient and at the same time be economical enough so that we can support it.

Our economic and military strength must be coordinated with our diplomatic influence if we are to discharge our duty of leadership for just treaties of peace and an effective security organization such as the United Nations. These must be supported by a stalwart public opinion.

Mr. TULLY. Will the credit establish our relations with the United Kingdom on a permanent basis?

Senator AUSTIN. It will go a long way, Mr. Tully. The relationship created thereby should assure Britain's cooperation in our economic proposals of a more permanent nature and a broader reach than this credit. Unless this should be achieved, we should be in direct competition with totalitarianism.

Mr. TULLY. How would that come about, Senator?

Senator AUSTIN. For nations suffering greatly from the war there is no other way unless a cooperative plan should be established. They must resort to totalitarian methods of business. There might be only one buyer and one seller, and that the government. They would increase the barriers of trade and engage in economic warfare through government subsidies.

If they should do that and come into our market over our highest tariffs, they could beat us for a time with their ability to sell in our market at a price with which we could not compete, unless we should abandon our free economy and resort to totalitarian methods.

If we have vision, we will not permit this to happen. We will take the lead to cooperation through a code or agreement in which expansion of trade will afford the returns to each member of world society that is qualified and seeks to attain them.

PROCUREMENT OF FOOD AND FEED GRAINS FOR FOREIGN SHIPMENT

Mr. CAPPER. Mr. President, like all right-thinking people, I am in full accord with America and Americans making every necessary sacrifice to help feed the starving peoples of the rest of the world. But at the same time I want to protest against the way in which the administration is mishandling the procurement of food and feed grains in the interest of what I cannot help but believe is political expediency.

I do not believe it is a healthy thing, to say the least, for the Government itself to carry on what comes very close to being black-market operations in grains, in the name of world charity.

It seems to me that is exactly what is being done through recent orders issued by Secretary of Agriculture Clinton P. Anderson in regard to purchases of wheat and corn.

I quote the following paragraphs from an official press release—849-46—from Secretary Anderson, 7 p. m., April 19, 1946:

4. The USDA is offering a bonus of 30 cents a bushel on wheat delivered under the certificate plan by May 25. To be eligible for this bonus a producer must select a date for payment between the date of delivery and June 15, 1946. The wheat-certificate plan, for normal operation without consideration of the bonus provision, permits immediate delivery of wheat by the producer with the privilege of selecting any date for payment between the date of delivery and March 31, 1947.

5. The USDA will buy 50,000,000 bushels of corn from producers, for which they will be paid a bonus of 30 cents a bushel above the market price on the date of delivery for corn sold to the Commodity Credit Corporation. Corn will be purchased through normal trading channels, with the local elevator acting as purchasing agent for the Commodity Credit Corporation.

It may be, Mr. President, that this is the only way in which the United States Government, even with all its war powers and its practically unlimited financing powers, could get the wheat needed for shipment abroad, and the

corn required for industrial manufacturing uses. I might say at this point that last statement in regard to the purpose of the 30-cents-a-bushel bonus for corn is what I understood Secretary Anderson to say at a conference between himself and a delegation of Members of Congress Saturday morning.

But the fact remains, as I see it, that the Government is offering to pay around 30 cents a bushel above ceiling prices for wheat and corn. If anyone else, or any business or corporation, would do that thing it would be called buying in the black market.

In the same press release from which I quoted the two paragraphs just read, Secretary Anderson is quoted as follows:

We expect to accomplish two results with the wheat and corn bonus payments—

Said Secretary Anderson in the press release—

to make more grain available for food purposes immediately and to encourage the farmers in the surplus corn-producing States to market more corn and stop feeding livestock to heavyweights.

It was at the conference with some farm State Senators in which I participated that I understood Secretary Anderson to say, in effect, that the 50,000,000 bushels of corn would be allocated industrial users of corn; that it was feared some of these had been purchasing in the black market at above ceiling prices; that through the device of having the Commodity Credit Corporation make the purchases at market plus the 30 cents bonus, this phase of black-market operations could be stopped.

I have received a number of letters in the past 10 days from wheat growers voicing a slightly different complaint about what they feel has been inequitable treatment of them by their own Government.

Some time ago, at the start of the drive to get wheat for relief shipment abroad, the Government issued an appeal to farmers to sell their wheat so it would be available for that purpose. Eloquent and forceful appeals were broadcast over the country, and many farmers responded. Now these farmers who responded to that appeal—and many of them did it because they wanted to help, even though they knew that the demand for wheat would force prices up in the near future—the farmers who responded patriotically and generously to the appeal of their Government to sell at the market prices for this worthy purpose, see other farmers who held onto their wheat being paid a premium, or bonus, or 30 cents a bushel for not responding to the Government's appeal.

These men and women feel they have been let down by their Government, and I can see how they would feel that way about it.

It is not a healthy thing, Mr. President, for citizens to feel that their Government has broken faith with them; that their Government is evading price ceilings through the device of bonuses or premiums.

I do not for a minute charge that these wheat and corn bonuses were programmed so that the OPA could point to

its holding down wheat and corn prices, in view of the fact that the OPA extension bill is coming up soon for action in the Senate. But the fact is there, just the same.

Mr. President, I desire to read from a letter just received from Mr. Will J. Miller, secretary of the Kansas State Livestock Association, and to ask unanimous consent that another letter from Mr. Miller, urging that the Senate accept the OPA extension bill as it come from the House of Representatives, be included in the RECORD at this point as a part of my remarks.

The first letter from Mr. Miller reads as follows:

KANSAS LIVESTOCK ASSOCIATION,
Topeka, Kans., April 25, 1946.
Hon. ARTHUR CAPPER,
United States Senate,
Washington, D. C.

DEAR SENATOR CAPPER: Another matter which I discussed this afternoon was the gross injustice that has been done our small farmers and operators in regard to the commodity credit 30-cent price on wheat and corn for foreign shipment.

From a patriotic standpoint, in good faith, many farmers who had wheat or corn on hand sold their excess at prevailing ceiling prices; then a few weeks later this 30-cent price increase was announced, so the elevator men will now receive the benefit, rather than the men who planted and harvested the crop.

I have had six or seven long-distance calls today from livestock men who say this 30-cent price raise is simply putting them out of the hog business and the cattle-feeding game. They cannot now buy corn or wheat except in the black market. Corn would cost from \$2 to \$2.50 a bushel, so those I talked with plan on shipping their hogs and cattle to market.

What will this do to the pork and beef production later on?

Yours very truly,

WILL J. MILLER,
Secretary.

The PRESIDENT pro tempore. Without objection the second letter submitted by the Senator from Kansas will be printed in the RECORD.

The letter is as follows:

KANSAS LIVESTOCK ASSOCIATION,
Topeka, Kans., April 25, 1946.
Senator ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: Confirming our telephone conversation a few moments ago, I am, herewith, transmitting to you on behalf of the Kansas Livestock Association our stand on the problem of OPA regulations, subsidies, controls, etc. Briefly, we favor the bill as passed in the House last week and urge that the Senate embody in their bill the same provisions, and especially the amendments introduced by Representative GOSSETT, of Wichita Falls, Tex., and the Flannagan amendment which struck from the House bill the provision for appropriating \$715,000,000 for meat subsidies.

The Gossett amendment is as follows:

"(4) (a) In the case of agricultural commodities the Secretary of Agriculture is hereby authorized and directed to make a determination as to whether supply of the commodity is equal to the domestic consumption of such commodity. When such supply is equal to the domestic consumption, he shall forthwith certify such determination to the Administrator. The Administrator shall within 10 days thereafter remove all price ceilings with respect to such commodity.

"(b) When the production of any agricultural commodity for the past 12 months equals or exceeds the production of this commodity during the 12-month period from July 1, 1940, to June 30, 1941, then such fact shall be certified to the Price Administrator by the Secretary of Agriculture, and such Price Administrator shall not later than 10 days after the receipt of such certification remove all maximum price ceilings from such commodity and all commodities for human consumption derived principally therefrom."

The Flannagan amendment includes:

"Provided further, That no funds heretofore or hereafter appropriated to, borrowed under congressional authorization by, or in custody or control of any governmental agency including Government-owned or controlled corporations, shall be used after June 30, 1946, to continue any existing program or to institute any new program for the payment of subsidies on livestock or meat derived from livestock or for the purchase of such commodities for resale at a loss, thereby subsidizing directly or indirectly the production, sale or distribution of such commodities, except that nothing contained herein shall prevent the payment of obligations created under existing program which accrued prior to June 30, 1946: And provided further That in order to prevent the reduction of livestock prices upon elimination of such livestock and meat subsidy payments, the Administrator shall make corresponding increases in maximum prices of livestock, meat and meat products, to the extent necessary to compensate for the removal of such subsidies."

You, of course, have the resolutions passed by our association at its annual meeting in Wichita in March of this year which included:

"Therefore be it resolved that we urge that price control and subsidy programs on livestock and meats be allowed to expire on June 30, 1946.

"III. Whereas there recently has been renewed propaganda for the removal of our sanitary embargo and the admission of beef from countries where foot-and-mouth disease exists, and whereas, repeated outbreaks of that disease in England during the war, directly traceable to South American beef clearly show that such imports cannot be safely accepted."

You will have the full and enthusiastic support of our Association in your efforts to see that these provisions are included in the Senate bill, and that we would like to be through with OPA as quickly as possible.

Sincerely yours,

WILL J. MILLER,
Executive Secretary

THE SOFT COAL STRIKE

Mr. WILEY. Mr. President, the Nation-wide crisis resulting from the 4-week-old bituminous coal strike grows worse and worse with each passing day. It is estimated that the country's supply of soft coal has shrunk to \$1,000,000 tons. Normal consumption is estimated at 40,000,000 tons a month, which means that enough soft coal is on hand for only three more weeks. However, distribution is so uneven that some areas and industries have already been hard hit by the coal shortage.

The Nation's railroads, its utilities, power plants—I suggest that it should be remembered that power plants of the REA, in the farm sections, are affected—street railways and gas works, are already feeling the pinch of the lack of coal. Innumerable food companies, producing vital relief supplies for Europe as well as

food for our own people, have already limited their operations because of the shortage of coal.

The future outlook is grimmer still. On May 10 negotiations will be begun for a new United Mine Workers anthracite contract. If a new contract is not accepted by the end of May, a shut-down seems inevitable. Thus we are faced with the stark fact that while 400,000 bituminous workers have been out for 4 weeks, a new strike of 75,000 anthracite workers also looms ahead.

Mr. President, I received today a letter from a canner in my State who operates six pea-canning factories. He says that the situation in his locality is so serious that unless they get coal it will mean that the pea crop of Wisconsin, which represents more than 50 percent of the canned peas, will be lost.

I ask that his letter, and a telegram also relating to the coal situation, from a community engaged in the production of feed for the livestock of America, be printed in the RECORD following my remarks.

There being no objection, the letter and the telegram were ordered to be printed in the RECORD, as follows:

OCONOMOWOC CANNING CO.,

Oconomowoc, Wis., April 25, 1946.

Senator ALEXANDER WILEY,

House of Representatives,

Washington, D. C.

DEAR SENATOR: I am glad to learn that you are enjoying the book I sent you—"Old World Wisconsin." I know you will have a lot of enjoyment reading it.

My spirit rules me—and so there is going forward to you today by express several sample tins of our peas and corn. This will tide you over until new crop is available. I will see that your pantry will be well replenished in the fall.

Frankly, Senator, we are getting overly concerned about the continuation of the coal strike and its repercussions, which we are feeling all the way down the line.

It is a normal procedure for us in the canning business to accumulate our entire season's supplies at just this particular time and have everything available right on the premises so that when the pea and corn crops are ready for harvest we have just one problem—and that is to take care of the crop and get it in the can as quickly as possible.

So far this year we have been unable to arrange for the stock piles of supplies. We do not have a single pound of coal at any one of our six plants. Tin cans are coming into our storage warehouses at a very slow rate—and so I could go down the line and enumerate item after item. There is a complete slow-down, and it all hinges on the coal situation.

I predict that if this coal strike is not settled at a very early date you are going to see a terrific loss of food crops which will stagger the Nation and will mean that we will not only sustain financial losses but will definitely find ourselves in an even more critical spot in the necessary and essential foods.

I would say that we are the greatest gamblers in the country, proceeding today with our planting schedule, assuming the responsibility of being able to harvest, can, and preserve these Wisconsin vegetable crops, with no assurance at all that we will have a pound of coal to turn the wheels of our factories and to properly process these foods.

One of these days we are going to become panic stricken and mob psychology will prevail. It is high time that we take recognition of this situation and see what can be

done to avoid this catastrophe. These crops will be ready for harvest within 60 days so watch the calendar and watch the coal strike.

Yours very truly,

OCONOMOWOC CANNING CO.,
JOS B. WEIX.

FORT ATKINSON, WIS., April 27, 1946.

HON. ALEXANDER WILEY,

United States Senate:

Inaction in meeting issues of present coal strike is stifling production. Our own plants producing material urgently needed to maintain farm livestock production of vital foods will be closed with 45 percent of families in this community affected not considering other local industries in similar position. Urge using your influence in strongest possible manner to achieve corrective action immediately.

JAMES MANUFACTURING CO.,
F. C. TOUTON.

THOMAS C. LOCKE—VETO MESSAGE
(S. DOC. NO. 176)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Claims and ordered to be printed:

To the United States Senate:

I return herewith, without my approval, S. 75 "For the relief of Thomas C. Locke."

The purpose of this enactment is to reimburse Lt. Col. Thomas C. Locke, United States Army, retired, in the sum of \$1,037.99, and to relieve him of any further liability to account to the Government therefor. The sum represents the amount which the Government has heretofore recovered from Lieutenant Colonel Locke in satisfaction of charges raised by the War Department, holding him responsible for the loss, through theft by third persons, of public funds and property from the commissary at Chanute Field, Rantoul, Ill., and for losses incurred in the operation of the commissary, during the time Lieutenant Colonel Locke was the quartermaster at this post and the commissary was under his supervision and charge.

It appears that the War Department, before invoking steps to recover the sum in question from Lieutenant Colonel Locke, carefully investigated the larceny from the commissary and the circumstances of the losses incurred in its operation. It concluded that the theft resulted from the failure of Lieutenant Colonel Locke to change the combination of the safe used by his predecessor, and the fact that he entrusted the combination to more than one assistant. The operating losses, it was found, likewise were attributable to the neglect and perfunctory performance of duty by this officer in permitting enlisted personnel to manage the commissary virtually without supervision or check on his part.

I am advised by the War Department that it firmly adheres to the view that the losses from the commissary at Chanute Field were occasioned by the careless and negligent execution of Lieutenant Colonel Locke's responsibility and obligation to safeguard the funds and public property in his possession, and that no persuasive reason is apparent

why more favorable treatment should be afforded him than is given to other officers entrusted with a similar responsibility and who lose or dissipate public funds through their negligence and failure to maintain proper and usual safeguards.

In view of the foregoing, I feel obliged to not lend my approval to this measure.

HARRY S. TRUMAN.

THE WHITE HOUSE, April 27, 1946.

FAILURE OF THE WAR ASSETS ADMINISTRATION UNDER THE SURPLUS-PROPERTY LAW

Mr. WILEY. Mr. President, the American people are becoming more and more aroused over the failure of their Government, and of the War Assets Administration in particular, to fulfill the law in acting upon veterans' and schools' priorities for buying Government surplus.

The significance of this WAA failure should not be underestimated in view of the fact that the Government surplus pile has been valued at more than \$100,000,000,000. This is in excess of one-third of our national debt, now estimated at \$274,000,000,000.

I have spoken on this general subject on April 2, 9, and 24 in the Senate, with particular reference to the failure of WAA in satisfying veterans' legitimate demands for electronics surplus.

Along with other Senators, I shall continue to expose Government shortcomings in this matter until they are corrected. In this connection, I ask unanimous consent that the text of an article on surplus appearing in the May issue of the official publication of the Republican National Committee, the Republican News, be reprinted in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WAA DEFIES SURPLUS ACT

The War Assets Administration is bypassing almost completely the priority claims of veterans in defiance of Congress and the Surplus Property Act of 1944, according to information now in the hands of Republican Senators.

This group of Senators, in disclosing "this tragic mess" to the Republican News, said their personal investigations were made after the press "almost daily began carrying reports of the frustrations of GI's trying to obtain so-called benefits."

Specifically, they charged:

1. Veterans' and schools' applications for electronics materials (radio, radar, etc.) are going into what amounts to a dead-letter file.
2. The WAA set-up favors private sales (as against sales to veterans and schools) wherein the salesman gets a 10-percent commission he wouldn't get on priority sales.
3. National security is involved.
4. Educational programs are being seriously delayed in schools and colleges, and alert educators are aroused at the loss of up-to-date laboratory equipment.

Senator ALEXANDER WILEY (Republican, Wisconsin) as spokesman for the group, said that more than \$2,500,000,000 worth of electronics and communications equipment, much of it highly desirable to priority claimants, is under the control of "dealer-minded" administrators of WAA. So-called "manufacturer agents," he finds, receive and sell

this equipment on a 10-percent commission basis, plus all expenses.

"Is it because these 10-percenters get no commission on priority sales to veterans and schools that these priority claims are being ignored?" WILEY asks.

ASKS HALT IN SALES

In response to the inquiry of Senator WILEY, Lt. Gen. E. B. Gregory of WAA replied: "We are not satisfied with the operation under the present methods employed."

WILEY immediately urged that all sales of electronics equipment be suspended until the priority claimants could (a) find out what was for sale and (b) have the opportunity to submit applications.

WILEY charges that applications for electronic equipment from veterans and schools in all 48 States end up in a dead file in the Electronics and Communications Branch in Washington, D. C. On the other hand, the equipment sought is in Army Signal Depots at Chicago, Los Angeles, Sacramento, and Seattle, where WAA's commission agents strive for speedy liquidation sales.

These sales are never approved by priority officials in the capital, veterans and schools are never notified where the materials are, the Senator continued.

"Apparently there is no inter-relation between priority claims and the actual disposal of the materials," WILEY said, adding that it seemed to him a paradox for Government to be employing regional "experts,"—in addition to State-hired representatives—to promote priority sales which have slight chance of ever being consummated under this procedure.

"If the priority section in Washington doesn't know the types and quantities of equipment in the hands of the commission men, how can it be of any aid to the veterans and schools?"

DEMOCRATS SMOTHER PROBE

Rumblings of the storm over priorities came up in a Senate clash on April 12. Republican Senators WHERRY (Nebraska), LANGER (North Dakota), and MORSE (Oregon) wouldn't be silenced by the usual Democrat "majority smother" tactics.

Among charges made was that the sale by WAA of "600 brand-new trucks to a department store in New York City at \$1,900 apiece" when in the same city "were 13,900 veterans who had priority certificates but couldn't buy the trucks."

Democrat Senators BARKLEY (Kentucky), majority leader, and FULBRIGHT (Arkansas) tried to belittle the whole thing. MORSE's demand for an investigation was met by BARKLEY's brush-off that "there are too many investigations."

The debate brought out that farm losses are resulting from the failure to get surplus property to farmers, even though some of the property is being disposed of abroad at 2 cents on the dollar—financed by our foreign loans.

Senate probers noted that leading educators are alert to the situation. Among others, President Karl T. Compton, Massachusetts Institute of Technology, has sought to break the blockade on electronics surpluses.

Compton wrote the Administrator that in seeking these materials, the schools' success "has been dependent on finding a jobber who happens to have what they want (a rare circumstance) and paying the jobbers' profit price. This is not what was intended in the regulations."

ELECTRONICS EDUCATION

As electronics right now is the glamor subject in schools, particularly among GI students, the demand for this type of laboratory equipment is general and great. WILEY believes it is a vital question of security and scientific advancement. He also believes it improper for Government-owned equipment to be removed from American

college laboratories, where it was used for military instruction, for the purpose of private sale. He pointed out the equipment could be purchased for purposes abroad.

Several American schools sought to retain laboratory equipment in electronics but were advised under the law it must be purchased from WAA.

LIST OF SCHOOLS BYPASSED BY WAA

Educational institutions interested in priorities for electronics and communication equipment include:

Alabama: Alabama Polytechnic Institute, Auburn; Tuskegee Institute, Tuskegee.

California: University of Southern California, University of California, Western Radio Communications Institute, Los Angeles; College of the Pacific, Stockton; University of Santa Clara, Santa Clara; Stanford University, Palo Alto; Calipatria High School, Calipatria.

Connecticut: Fairfield College Preparatory School, Fairfield; East Hampton High School, East Hampton; Yale University, New Haven.

Delaware: University of Delaware, Newark.

Florida: Psychological Institute, Lake Alfred; University of Miami, Coral Gables.

Idaho: University of Idaho, Pocatello.

Illinois: Northwestern University, Evanston; Bradley Polytechnic Institute, Peoria; University of Chicago, Midway Television Institute, Chicago; Olivet Nazarene College, Kankakee; Principia College, Elmhurst; the Fournier Institute, Lamont; University of Illinois, Urbana.

Indiana: Indiana University, Bloomington; Notre Dame, South Bend; Purdue University, Lafayette.

Iowa: Graceland College, Lamont; Iowa State College, Ames.

Kansas: Kansas State College, Manhattan.

Kentucky: University of Kentucky, Lexington; University of Louisville, Louisville.

Louisiana: Louisiana State University, Baton Rouge.

Maryland: University of Maryland, Washington Institute of Technical Radio and Electronics, College Park.

Massachusetts: Worcester Polytechnic Institute, Worcester; Perkins Institution and Massachusetts School for the Blind, Watertown; Smith College, Northampton; Massachusetts Institute of Technology, Cambridge.

Michigan: Lawrence Institute of Technology, Highland Park; University of Michigan, Ann Arbor; Detroit University School and Michigan Technical Institute, Inc., Detroit; Albion College, Albion; Dundee High School, Dundee; Bay City public schools, Bay City.

Minnesota: University of Minnesota, Minneapolis; Gustav Adolphus College, St. Peter.

Mississippi: Mississippi State College, State College.

Missouri: Washington University, St. Louis; State School of Mining and Metallurgy, Rolla; Boys Club of Kansas City.

Nebraska: Hastings College, Hastings; Lincoln Engineering, Lincoln; Nebraska State Teachers College, Wayne.

New Jersey: Rutgers University, New Brunswick; Princeton University, Princeton.

New York: University of the State of New York, Albany; New York University, Society for Ethical Culture, Manhattan College; Yeshiva College, New York City; Syracuse University, Syracuse; Parents Association Public School 167, Brooklyn; Syracuse Technical and Industrial High School, Syracuse; Yonkers High School, Yonkers; Rensselaer Polytechnic Institute, Troy.

North Carolina: North Carolina State College, University of North Carolina, Raleigh; Christ Church, Elizabeth City.

North Dakota: North Dakota Agriculture College, Fargo; University of North Dakota, Grand Forks.

Ohio: Marietta College, Marietta; Society of the Precious Blood, American Province, Carthage; Massillon public schools, Mas-

sillon; United Brethren Church, the First, Montpelier; public schools, city of Akron; Conneaut city schools, Conneaut.

Oklahoma: Central State College, Edmond.

Pennsylvania: Radio Association of Erie; Mount Mercy College, Pittsburgh; Washington and Jefferson, Washington; Hershey Industrial School, Hershey; Pennsylvania State Teachers College, State College; Jefferson Medical College, Philadelphia; Altoona school district, Altoona; Gettysburg College, Gettysburg; Wilson College, Chambersburg; school system of Allentown; Carnegie Institute of Technology, Pittsburgh; Williamsport Technical Institute, Williamsport; Bryn Mawr College, Bryn Mawr; St. Joseph's College, Philadelphia.

Rhode Island: Brown University, Providence.

Texas: College of Mines, El Paso; San Antonio school district; Paris Junior College.

Vermont: University of Vermont, State Agriculture College, Burlington; Norwich University, Northfield.

Virginia: Virginia Polytechnic Institute, Blacksburg; University of Virginia, Charlottesville; Virginia Military Institute, Lexington.

Washington: Washington Technical Institute, Seattle.

West Virginia: West Virginia Institute of Technology, Montgomery; West Virginia Wesleyan College, Buchanan.

Wisconsin: Milwaukee public schools; University of Wisconsin, Madison.

LIBERALISM ABROAD AND AT HOME—ADDRESS BY SENATOR BALL

[Mr. BALL asked and obtained leave to have printed in the RECORD an address entitled "Liberalism Abroad and at Home," delivered by him at the commencement exercises at Syracuse University, Syracuse, N. Y., April 28, 1946, which appears in the Appendix.]

THOSE GOVERNMENT BLUES—ARTICLE BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an article by him entitled "Those Government Blues," published in the magazine Gist of San Antonio, Tex., April 1946 issue, which appears in the Appendix.]

JEFFERSON-JACKSON DAY DINNER ADDRESS AT YORK, PA., BY HON. HENRY A. WALLACE

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address delivered by Hon. Henry A. Wallace, Secretary of Commerce, at the Jefferson-Jackson dinner at York, Pa., on April 27, 1946, which appears in the Appendix.]

ADDRESS BY DR. FRANK KINGDON AT ROOSEVELT MEMORIAL DINNER

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address delivered by Dr. Frank Kingdon at the Roosevelt memorial dinner, at the Commodore Hotel, New York City, April 12, 1946, which appears in the Appendix.]

SAVINGS FROM THE RENEGOTIATION ACT—LETTER FROM THE SECRETARY OF WAR

[Mr. McKELLAR asked and obtained leave to have printed in the RECORD a letter to him from the Secretary of War, under date of April 5, 1946, regarding savings resulting under the Renegotiation Act, which appears in the Appendix.]

VENEZUELA IN TRANSITION—ARTICLE BY DR. JOSEPH F. THORNING

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "Venezuela in Transition," by Dr. Joseph F.

Thorning, published in World Affairs of Washington, D. C., issue of March 1946, which appears in the Appendix.]

FOOD PARCELS FOR GERMANY AND AUSTRIA—LETTER FROM REV. ALCUIN HEIBEL

[Mr. CORDON asked and obtained leave to have printed in the Record a letter addressed to him by Rev. Alcuin Heibel, of the Sacred Heart Church, Portland, Oreg., relating to the shipment of food packages to Austria and Germany, and also relating to German prisoners in America, which appears in the Appendix.]

CONTINUATION OF THE OPA—EDITORIAL FROM THE SEATTLE STAR

[Mr. MAGNUSON asked and obtained leave to have printed in the Record an editorial entitled "We Don't Believe You Want OPA Really Ruined," published in the April 19, 1946, issue of the Seattle Star, which appears in the Appendix.]

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. MAYBANK obtained the floor.

Mr. HATCH. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield to the Senator from New Mexico.

Mr. HATCH. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Hatch	Myers
Ball	Hawkes	O'Daniel
Bankhead	Hayden	O'Mahoney
Barkley	Hickenlooper	Pepper
Brewster	Hill	Reed
Bridges	Hoey	Revercomb
Briggs	Huffman	Robertson
Buck	Johnson, Colo.	Russell
Bushfield	Johnston, S. C.	Saitonstall
Butler	Knowland	Shipstead
Byrd	La Follette	Smith
Capehart	Langer	Stanfill
Capper	Lucas	Stewart
Carville	McCarran	Taft
Cordon	McClellan	Taylor
Donnell	McFarland	Thomas, Okla.
Downey	McKellar	Thomas, Utah
Eastland	McMahon	Tunnell
Ellender	Magnuson	Tydings
Ferguson	Maybank	Wagner
Fulbright	Mead	Wheeler
Gerry	Millikin	Wiley
Green	Mitchell	Willis
Guffey	Moore	Willson
Gurney	Murdoch	Young
Hart	Murray	

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from Mississippi [Mr. BILBO], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. GOSSETT], and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Massachusetts [Mr. WALSH] are detained on public business.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. TAFT. The Senator from Vermont [Mr. AIKEN] is absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER], the Senator from Illinois [Mr. BROOKS], the Senator from Oregon [Mr. MORSE], and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The PRESIDENT pro tempore. Seventy-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] in the nature of a substitute for the joint resolution, as amended.

Mr. McFARLAND. Mr. President, I now formally offer the amendment which I had previously submitted to Senate Joint Resolution 138, and which has been printed. I ask that the amendment be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 3, after line 16, it is proposed to insert the following new section:

SEC. 3. This joint resolution shall not become effective and no payments shall be made pursuant to the agreement until the President shall have negotiated agreements with the United Kingdom and any commonwealth or dominion government whose concurrence may be necessary, and the Congress shall have by law approved such agreements, covering the following matters:

(1) Permanent acquisition by the United States of rights to military, air, and naval bases held under 99-year leases, and elimination of provisions restricting use of such bases to military or naval purposes only; and

(2) Peacetime commercial use by the United States of other bases built by the United States in the British Empire or in areas controlled by Great Britain.

Such agreements shall be negotiated with a view to bringing about an equitable adjustment of the indebtedness of Great Britain to the United States which arose in connection with the First World War, and the value (to be fixed in the agreements) of the property and rights obtained by the United States under such agreements shall be credited on such indebtedness.

The PRESIDENT pro tempore. The amendment offered by the Senator from Arizona [Mr. McFARLAND] will take precedence over the amendment proposed by the Senator from Ohio [Mr. TAFT].

Mr. MAYBANK. Mr. President, it is my purpose to speak on the measure now pending before the Senate, the so-called British loan. I desire to make a statement along the lines of that portion of the report which is found on page 16, under the heading "Multilateral trade as a benefit to the United States."

I spent 20 years in the cotton-export business and in the warehouse business, doing business with England and with

the continent of Europe, and I think I know something about what trade means. In the southeastern section of the United States our trade is principally in cotton; but in addition large quantities of tobacco, lumber, logs, and naval stores are shipped yearly. When the loan was first discussed and considered in January, at that time I thought that perhaps it might be necessary to ask for some collateral, in view of the fact that I myself, and many of my friends in the cotton ginning business, and many farmers and others, did not know to what extent the money might be used in the development of colonial cotton, in Egypt or India. Since that time I have had many conferences with representatives of the State Department. I was fortunate enough to be one of the Southern Senators who were members of the delegation headed by the distinguished Senator from Alabama [Mr. BANKHEAD], which delegation also included the Senator from Mississippi [Mr. EASTLAND]. We conferred with the Secretary of State and others as to the possible effects on southern cotton production.

After those conferences, Mr. Thorp, who is handling the cotton situation for Mr. Clayton, assured both the Senator from Mississippi and myself that none of the funds would be used in the promotion, purchase, or development of foreign cotton. We were informed that the contemplated agreement with respect to cotton production in the Pacific provided that in the future India should have a quota for exportation to Japan and China based upon the 5 years preceding the war. Had that been done, cotton production in the South would have fared very badly because in the 5 years preceding the war most of the business that was done in the Orient, as well as on the continent of Europe, was done by barter, and, of course, the United States participated in that trade to only a slight extent.

So, with those two thoughts in mind, it is my intention to vote for the British loan as the committee has reported it, and to vote against any amendments.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I am interested to know how our Government can say that if Britain has \$4,200,000,000 it cannot use it to develop cotton in Egypt and India. It seems to me obvious that the loan would make it that much easier for Britain to do so.

Mr. MAYBANK. Of course, the British can use their own sterling with which to transact business among their colonies.

Mr. TAFT. Let me suggest that the investment by Great Britain in foreign countries is equivalent to importation into Great Britain. The very purpose of this loan is to permit the British to import more than they could otherwise import, so that they may obtain raw materials to develop their industries. So to the extent that we make it more possible for them to import and improve their financial conditions, we make it more possible for them to invest in foreign countries. I cannot see why it does

not necessarily follow that the granting of this loan would put Britain in a much stronger position to make investments in the development of cotton in India and Egypt.

Mr. MAYBANK. I cannot agree with the Senator, except for the statement that the loan would permit England to make larger imports. That statement is correct. It is my understanding that the imports under the dollar credit would certainly come from the United States.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. EASTLAND. So far as competition between this country and India or Egypt is concerned, I cannot see where there would be any competition, for the reason that cotton grown in Egypt is of much longer staple than cotton grown in this country, and is used for different purposes. The cotton grown in India is of such short staple that it certainly is not competitive.

Mr. MAYBANK. I thoroughly agree with the Senator from Mississippi. With the exception of a few small cotton mills in New England, which manufacture blankets, no cotton is imported into this country from India. The American fumigation laws are such that the cost of fumigating Egyptian or Indian cotton makes competition almost impossible. The Senator from Mississippi will agree with me that our concern was with the financing of exports to China and Japan. That was the question which we discussed at some length with the State Department.

Mr. TAPF. The argument which I made applies with equal force to the matter of Britain spending money to develop cotton in Brazil, or Africa, which could compete with American cotton. My argument applies to such development as well as to the development of cotton in India and Egypt.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. EASTLAND. I am not favoring the loan merely from the standpoint of the effect on cotton. The question is much larger than that. I know that the Senator from South Carolina agrees with me that this is a part of the program for an expanding world economy. The loan would assist in bringing prosperity to the world; and our own citizens in business, industry, and agriculture would benefit. That is the reason why I intend to vote for the loan.

Mr. MAYBANK. I thoroughly agree with what the Senator from Mississippi has said. I would be the last person in the world to place the British loan on a trade basis. It involves the future peace of the world, and questions of far greater importance than the effect on our cotton trade. If we intend to carry out the Bretton Woods agreements and have peace on earth for years to come, for generations yet unborn, we must make this loan.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. JOHNSON of Colorado. I am very glad to hear the Senator from Mississippi

and the Senator from South Carolina say very frankly that they are not favoring this loan merely because of the help it may afford cotton production, because, as a matter of fact, a study of the cotton situation and the British loan will prove, I think, to any unbiased person that the British loan is going to destroy the cotton industry in the United States. So I am glad to hear the Senator say—

Mr. MAYBANK. Mr. President, I say to the Senator from Colorado that perhaps I know something about cotton. We plant cotton, we gin cotton, we grow cotton, we export cotton, and we sell cotton. I am in thorough disagreement with what the Senator from Colorado has said; and I say that for 20 years I sold anywhere from five million to ten million dollars' worth of cotton a year, so I think I know something about cotton.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. EASTLAND. I should like to hear the distinguished Senator from Colorado explain how the granting of this loan would possibly or would even faintly injure the American cotton industry. I should like to know; I am interested.

Mr. MAYBANK. Mr. President, I do not yield for that purpose. I have the floor, and I have yielded only for questions.

I should like to say, in regard to the bearing of this loan on the matter of stabilizing cotton, that, in my judgment, it will improve the cotton business in the United States materially for years to come. At this time we are short of almost everything. At this time our export trade is not as necessary as it will be 5 years from now. If we had prepared for the war in 1934, Mr. President, we would not have been in the position we were in in 1939. If we prepare today for the future trade of the world, we shall be in a position to go forward 5 years from now, when that trade is necessary for us to have.

I wish to remind the Senator from Colorado, who spoke about the loan's hurting the cotton business, that the price of cotton and the price of tobacco have not been dependent upon dollars and cents, but in the twenties were dependent upon international exchange. It was not a question of how many pence cotton or tobacco or any other commodity was selling for in Liverpool. The determining factor was the rate of exchange for sterling which the American exporter received. The stabilization of exchange alone will make possible trade based on honesty and mutual understanding, and not based on the decisions and operations of the international bankers who in those years made their living from the fluctuations of exchange.

Mr. President, I may say in regard to the fluctuations in the rate of exchange that, as the Senator from Mississippi knows, sterling went down as low as \$3—30 percent off—and then went up to \$5. During the years when the sterling values were lower, the exports of the South suffered and the exports of the West suffered. So, Mr. President, if the loaning of this money does nothing more than stabilize foreign exchange and the opera-

tions incident to it, the loan will be worth while and will increase our exports.

Mr. President, a good many of us regret extremely the necessity for the actual closing of the Liverpool cotton exchange. We regret exceedingly some of the things that now are being done by the British Government. Even so, we believe it far better for the United States to make this loan, so as to increase our trade and to break down the barriers which will exist in the future unless the loan is made.

Some mention has been made of the acceptance of bonds without Government responsibility. I merely wish to remind my colleagues of the Dawes plan of 1927, which was put into effect when I was in Bremen and which was subsequently followed by the floating of large issues of German bonds in this country, by banks in New York, which later sold the bonds to individuals who, as a result, were bankrupted when the bonds became of little or no value. Furthermore, Mr. President, in my judgment, that situation was responsible for many of the bank failures which followed in the early thirties. Certainly we want no more worthless bonds sold.

So, from a business standpoint—not from the cotton standpoint, but from the standpoint of tobacco, lumber, logs, naval stores, grains, and livestock—I am certain that much good will result and much will be done for our foreign trade in the years to come because of the granting of this loan.

Mr. President, we shall need the increased foreign trade which the loan will afford. We may not need it today, because our own country necessarily must be rebuilt after 5 years of war. The stores are short of textiles. The country is short of housing. But with our productive capacity, these shortages will be filled, and then we shall again depend for our prosperity upon our foreign trade with the British Empire, with continental Europe, and with the countries of the Orient.

Mr. President, I wish to make a further brief statement in conclusion. There has been much discussion as to whether we should or should not have an understanding about certain bases before this loan is made. In that connection I merely wish to say that I think those arrangements can best be handled by our distinguished Secretary of State, who is now in Paris, and by his aides who are busy day and night trying to work out satisfactory negotiations. I believe, of course, we should have the bases.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. McFARLAND. Has there been any suggestion that anyone other than our able Secretary of State would handle such negotiations?

Mr. MAYBANK. To my knowledge no such suggestion has been made. But there has been a suggestion that the loan be held up or delayed until such arrangements could be worked out; and according to the amendment which was read, the arrangements would have to be satisfactory to the Senate.

Mr. McFARLAND. Mr. President, if the Senator will further yield to me, let

me say that in my own time I shall state what I consider to be good reasons why those arrangements should be made prior to the loan being made operative.

Mr. MAYBANK. I appreciate the views of the Senator from Arizona, but, of course, I have a right to my own views.

Mr. McFARLAND. Mr. President, if the Senator will further yield, let me say to him that I am not trying to deprive him of his views or of the right to his views.

Mr. MAYBANK. Mr. President, I simply wish to say that it is my judgment that the sooner this loan measure is passed without any amendments which might in any way affect our ally who stood by to the end, and to whom perhaps some day we may again be joined, the better it will be for the U. S. A.

Mr. President, I repeat, above any trade values and above any of the mercenary considerations of life, it is my judgment that it is essential for the future welfare of the world and for the future peace of the world that this loan be granted. The making of the loan is necessary for the good of humanity and for the use of a country which is one of the few assisting us today in a large way in trying to spread democracy. There is no iron curtain between us and any country or colony of the British Empire. With the United States, and with England working hand in hand and with the trade which will follow at a time when we shall need it and when England will need it, I am certain that we will make no mistake in providing for the making of the loan.

Mr. MAGNUSON. Mr. President, let me say that I was somewhat impressed by the colloquy between the Senator from South Carolina and the Senator from Arizona. Although I do not wish to take up the time of the Senate by discussing the amendment regarding bases which has been offered by the Senator from Arizona [Mr. McFARLAND], I wish to assure him that I entirely agree with his contentions. That has been my attitude for many months.

Mr. President, I wish to point out something which probably has some bearing on what the Senator from Arizona is trying to accomplish.

In 1943, after I returned from the Pacific, I was somewhat concerned not only over the difficulty which our Government had in establishing strategic and military bases, but over the fact that after we had spent vast sums of money on such bases on foreign territory, when the war was over, we would have difficulty in establishing not only rights in these bases but in establishing a string of bases which were sorely needed by our Government prior to World War II for our own defense and the defense of all nations in the Pacific who thought as we thought, and whom we considered to be our friends and allies. However, we went ahead. At the time, the Australian Government, the New Zealand Government, and the governments of all our other allies in the Pacific, when the Japanese were spreading their tentacles all over that great ocean, joined with us and said that they would gladly allow the Americans to build bases in the

Pacific for their defense and our defense as well. In some cases those nations joined with us in demanding some of those bases, and in other cases they joined with us in connection with the leasing of buildings and furnishing a portion of necessary material. But at the beginning of the program the United States Government spent its money.

In early 1944, as chairman of a subcommittee on Pacific bases of the House Committee on Naval Affairs, I made a report. The Navy had designated certain spots in the Pacific which we thought were needed for the future defense of our country. The Australian Government, in answering our query as to what might happen to these bases after the war was over, issued a formal statement—or at least it appeared to be a formal statement made by certain high Government officials in Australia who were in charge of such matters—that the Government would be glad to allow the Americans to remain in control of those strategic spots in the Pacific, because by doing so it would not only mean the defense of America and her allies in the Pacific but it would mean a great deal in particular to Australia.

One of those bases, Mr. President, was the island of Manus. Manus is considered by the Navy, and by military experts, to be our western Pearl Harbor. It is Australian territory. We went ahead under an assumed or implied agreement on the part of the Australian Government that after the end of the war Manus Island would be one of the important bases for the defense of America, Australia, and all other countries who were our allies in the Pacific. We spent approximately \$290,000,000 in building one of the great naval bases of the world on Manus Island.

Mr. President, this morning I was somewhat concerned upon reading an article in a newspaper from Melbourne, Australia, dated April 28, by Reuter's, which stated as follows:

Gen. Sir Thomas Blamey, former Australian commander in chief, said today that Manus Island, former Pacific war base in the Admiralty Islands north of New Guinea, is "no use to America as a base against an Asiatic enemy."

He had said in March that the United States had ambitions to control Manus Island and was negotiating with the British for the exchange of a number of islands. The operation for the capture of Manus Island was one of the easiest, he said, of its kind, with little blood, sweat, and tears, as suggested in some quarters as the reason for America's right to claim an interest in the island. America already controls islands as bases against attacks from Japan and Asia. If Australia loses control of Manus, she may one day find this island a threat to her safety.

He then continued:

I am a friend of America. Australia and America are friendly nations, but friendships between nations can change.

Mr. President, when the Japanese enemy was sweeping down into the South Pacific it was all right for all of us to join together in the worthy cause of defeating our enemy. It was all right then for Australia to say, "Why, sure, go ahead and build those bases." But now, apparently—I do not know that the article

which I read speaks the official sentiment of the Australian Government, and I am sure that it does not speak the sentiment of the Australian people—the situation has changed. The attitude expressed in the news article which I read is alarming and makes sense in connection with the statement of the Senator who recently spoke. For General Blamey to say that the island was taken with little blood, sweat, and tears is somewhat begging the point, Mr. President. It is not the only Pacific island that we took. Some of the islands which we conquered were not necessarily the ones for which we fought the hardest. Sometimes we had to bypass strategic islands and in so doing take an island which was strategic only for postwar developments or postwar plans. But to say that America did not shed blood, sweat, and tears in the Pacific is, in my opinion, somewhat of an understatement.

Mr. President, the very peace of the Pacific depends on what America does. Our future in the Pacific depends on our own defenses there in conjunction with those of other allies. Our friendship for Australia has not changed. Our friendship for all the free peoples of the Pacific has not changed. What we want is not territory, not imperialism, but merely the necessary tools in carrying out the responsibility which America has assumed in assuring the maintenance of peace in the Pacific.

I hope that the Senate will give earnest consideration to the amendment of the Senator from Arizona. Perhaps it has no place in the pending measure, but I think it is time that we made our intentions clear that we need some of those Pacific bases. We think they are necessary for us in order to do the very things which people in the Pacific want us to do.

Mr. MAGNUSON subsequently said: Mr. President, earlier today I made some remarks regarding Pacific bases. At that time I neglected to place in the RECORD, as I intended to do, an editorial regarding our military bases. I ask unanimous consent at this time that the editorial be placed at the end of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Times-Herald]

WE WON THOSE BASES—LET'S KEEP THEM

Now going on in London is a British Empire conference which, as soon as it got under way a couple of days ago, began to hatch some news that has ominous undertones.

Only the delegates from Australia and New Zealand have arrived at the conference as yet. But they have already started to talk about the far Pacific bases which our men took from the Japs at such hideous cost.

It appears that the Australian and New Zealand delegations are much worried over the possibility that the United States may insist on exclusive control of those bases. The feeling is that there should be some kind of joint control—and not only that Australia and New Zealand should share in this control but that France, Holland, and Portugal should do likewise.

The British Government looks with favor on this idea; and when the delegates from the other British Empire Nations—South

Africa, Canada, and probably India—arrive at the Conference they are expected to join in the chorus.

The suggestion is impudent and absurd. We should likewise reject Russian suggestions that we cut the Russians in on control of some of our Pacific bases, while, of course, leaving the Russians in exclusive control of the Kurile Island north of Japan.

Our navy has listed 23 points as essential to our future Pacific defense. These are Adak, Attu, Balboa, Canton Island, Dutch Harbor, Eniwetok, Galapagos, Guam-Saipan-Tinian area, Hawaii, Iwo Jima, Johnston Island, Kodiak, Kwajalein, Majuro, Manus, Midway, Okinawa, Palau, Palmyra, Samoa, Truk, Ulithi, and Wake Island.

BASES WE MUST HAVE

The majority of those places are little atolls or islands which are economically worthless, and are not inhabited by any great numbers of British Australians, New Zealanders, Dutch, French, or Portuguese.

They are, however, of great value strategically. This is because you can build air strips or complete airfields on them, and from these installations you can fly B-29's or bigger planes to plaster enemy key points with bombs, atomic or otherwise.

That was what our boys took them for during the war against Japan. From these bases were mounted the great air offensives which closed in on Japan.

The British, Australians, New Zealanders, Dutch, French, and Portuguese could not prevent the Japanese from working their own unsweet will with those powers' Far East holdings. It took the Americans to undo what the Japs did in the spring of 1942; and the Americans undid Japan with some minor assistance from the Australians and New Zealanders and with no assistance worth mentioning from anybody else. Russia, of course, sat out the Japanese war till the fifty-eighth minute of the eleventh hour.

We are not going to attack Australia or New Zealand, or interfere with their affairs, and they know it. The only way in which we ever have interfered with those nations consisted in interfering to save them from being conquered by the Japanese.

The United States does not want war with anybody.

But we must insure ourselves against more and worse Pearl Harbors; and to do that we must have ample strategic bases in the Pacific, Atlantic, Arctic, and Caribbean.

The one-world philosophy reads melodiously on paper and sounds pleasant when chanted by such masters of radio technique as the late Roosevelt. But we shall imperil our safety as a nation if we let the one-world philosophy be applied specifically to those bases.

We took those bases by the shedding of American blood.

To keep them our sole property, we should be prepared to shed some more blood, if it comes to that.

PERMISSION FOR AMERICAN FLYERS TO TESTIFY AT TRIAL OF MIHAILOVICH

Mr. REVERCOMB. Mr. President, I wish to invite the attention of the Senate to the fact that on yesterday approximately 20 veteran flyers of the American Army arrived in Washington upon a mission which I believe should be given recognition by the Government. Those men are a part of perhaps 600 who were shot down over Yugoslavia; at least, if they were not shot down they were compelled to land in Yugoslavia. Their lives were saved by General Mihailovich. General Mihailovich is today on trial for his life, and those American veterans have come to Washington to ask their Government for permission to testify at Mihailovich's

trial. I admire their wholesome attitude and their courage. They know that General Mihailovich saved their lives, that he hid them from the enemy, and, in many instances, succeeded in escorting them out of enemy territory.

As many Senators will remember, during the early days of the war General Mihailovich was a great hero in the eyes of the Allies. He led his forces against an overwhelming number of the enemy. He hid in the mountains, and he fought and hit wherever he could. He was effective in making it necessary that a large German Army be maintained in the part of the country in which his forces were located. But, as the war progressed, Marshal Tito took over and became the ruling force in that country.

There is a local rivalry and division between the forces of Marshal Tito and the forces of General Mihailovich. The forces of Tito have captured Mihailovich and have put him on trial for his life. One of the issues, as I understand, is whether or not Mihailovich was a friend of the Allies.

Mr. President, I asked one of these veterans, a soldier from my own State, Sergeant Denzil Radabaugh of Mazon town, whether or not in fact General Mihailovich was responsible for their salvation and their escape. He told me that he personally saw General Mihailovich; that he brought home with him an autographed picture of the general, and that General Mihailovich was the directing force in their escape and their salvation from the enemy.

It seems to me that if the American Government intends to recognize the need of a fair trial, it will permit these men to go to Yugoslavia and stand beside the man who saved them when they fell into an enemy-occupied country. I express the earnest hope today, Mr. President, that the Government of the United States will not be a party to cutting off the defense of a man who proved to be the friend of American flyers, our own boys, in the midst of the terrible war that has now been victoriously finished. They have come here to ask the President and the State Department to permit them to go to the side of the man who today is being tried for his life, to testify to facts, and to see that he does have a fair trial to the extent that the facts are placed in the record.

I express indeed the hope that this Government, in the name of fairness, will at least permit these witnesses who know the facts to go there and attend this trial and testify. Certainly America has an interest in these men; America today has an interest in fairness and in this trial, and I trust that a proper response will be made, which would be the granting of a permit by this Government for them to go to this trial and to reveal the facts before the court and the world.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

Mr. ELLENDER. Mr. President, with such an array of distinguished Members of this body having declared in favor of the British loan, it is with much hesitancy on my part that I rise to speak in opposition to the pending joint resolution. It is made the more difficult by the fact that the proposal has received the almost unanimous approval of some of the leading economists in the service of our Government. The President, the heads and many of the subordinates of our State and Treasury Departments, spokesmen for labor and agriculture, and many of the Nation's leading bankers have likewise placed their stamp of approval on the proposed line of credit to the British. Many of our leading newspapers and magazines through their editorial columns have also declared in favor of the proposition, all of which, I repeat, makes my opposition the more arduous.

Mr. President, during my entire tenure in the Senate, I know of no problem ever considered by this body that has caused me greater concern; that has compelled me to spend more of my time in deliberating what best to do, than the subject under discussion. I concluded that if I permitted my emotions and sympathies for a stricken nation to sway my better judgment, or if I allowed the arguments of selfish groups who envision the lush benefits of our expanded foreign trade to influence my decision, then I should take my stand beside those advocating the loan.

But, Mr. President, after considering our own staggering national debt, which exceeds the total indebtedness of the rest of the nations of the world; remembering the sacrifices made by our Nation and the achievements of our people in helping to win the war; and after giving thought to the several plans already adopted by us to revitalize world trade, with our tremendous financial obligations incident thereto, and to aid in bringing about permanent peace to a troubled world, I concluded to vote against the pending measure.

Mr. President, I dislike the manner and the method under which the agreement we are now asked to ratify was entered into.

When the Bretton Woods proposals came before us, and when plans for the future peace of the world were being discussed by the various departments of our Government, why were not we, the Senators of the United States who must pass on these questions, taken into their confidence? When the Bretton Woods proposal was under consideration did any Senator hear that this country was going to make a loan to Great Britain such as the one with which we are now confronted?

Mr. FULBRIGHT. Mr. President—

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I think the Senator from Louisiana will find in the hearings before the Committee on Banking and Currency of the Senate that this matter was discussed and that two of the

leading witnesses, who at that time felt that Bretton Woods might be premature, suggested that Britain would have to have between three and five million dollars in order to stabilize the situation so that Bretton Woods might operate. I refer particularly to Mr. Williams who, I think, was the consultant, to the head of the Research Division of the Federal Reserve in New York City, and to Mr. Crowley.

I only mean to indicate that it is certainly no mystery and that all the members of the committee were aware of the possibility and probability of some kind of a loan, though not of the exact amount.

Mr. ELLENDER. It was mysterious to the extent that none of our authorized Government officials ever insinuated or felt that our Government would be called upon to make any loan other than within the purview of the Bretton Woods proposed international bank and through the Export-Import Bank. No independent loan was mentioned. Loans were mentioned only as an alternative, that is, in the event of the failure of adoption of the Bretton Woods proposals.

The statements to which the distinguished Senator from Arkansas refer were to the effect, I repeat, that any loans which might be made were to be within the scope of the plans then under discussion, which were the Bretton Woods proposals and the Export-Import Bank. There was never an inkling of any new proposal that our Government would be called upon to put up more than we obligated ourselves under the Bretton Woods proposals. The Senator from Arkansas knows what that amounts to. With the Bretton Woods proposals and the Export-Import Bank, we have obligated ourselves to the extent of almost \$10,000,000,000.

Mr. FULBRIGHT. If the Senator will yield, it certainly was not my understanding that that was the limitation, primarily, because in those discussions it was very definitely intimated by representatives of the banks and the Government that this matter would have to be taken up. They differed primarily as to the order in which things would have to be taken up. The so-called key country approach was the suggestion of the school which said that we had to lend Britain money in order to stabilize the key currencies, the dollar and the pound.

Mr. ELLENDER. I propose to take up the time of the Senate, in the course of my remarks, in showing what was proposed by the Treasury Department when the Bretton Woods proposals were being considered by the Senate. Only one statement was made on the floor of the Senate which indicated a loan proposal, and that was made by the distinguished Senator from Ohio [Mr. TAFT], who opposed the international bank feature of the Bretton Woods proposals, and said, as I recall, that our country would be better off if we made a direct loan rather than joined the international bank. A loan was mentioned in that connection, but only as an alternative to Bretton Woods.

Mr. FULBRIGHT. Will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. FULBRIGHT. I agree that those who opposed Bretton Woods said they preferred a loan. Now we have a loan proposed, they prefer Bretton Woods. Under such opposition we can never get any agreement, because there is always some alternative proposal.

Mr. ELLENDER. No; but the loans which were discussed, to which the Senator refers, as he will find if he will examine into them, I believe, were loans that were to be made within the scope of the Bretton Woods proposals and the purview of the Export-Import Bank. We intended to go pretty far, but only to make such loans, and not to make separate loans, as is now being proposed.

Mr. FULBRIGHT. I do not wish to take any more of the time of the Senator, but I certainly disagree with his interpretation.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. The Senator from Arkansas says that those who were opposed to the British loans are opposed to them now, and that they were opposed to the Bretton Woods agreements when the Bretton Woods agreements were before us. Of course that may hold good in a few instances, but it does not hold good so far as the Senator from Colorado is concerned, and I am sure so far as the Senator from Louisiana and many other Senators are concerned, who supported the Bretton Woods agreements because they saw the need for multilateral international credit, and they supported them with the idea that they would solve the problem. Now, almost before the ink dries on the Bretton Woods agreements, the very thing the Senator from Ohio stated in the debate, namely, that the Bretton Woods agreements would have to be followed by loans, has come to pass. Of course, his prophecy was denied at the time the Bretton Woods agreements were before the Senate.

Mr. ELLENDER. I should like to have any Senator now on this floor, or any Senator who may come in during the debate, tell me that he understood that our Government had pledged itself to make or would make loans along the lines suggested in the case of the British loan.

Mr. FULBRIGHT. I did not say we pledged ourselves, but it certainly was recognized at the time that a loan was contemplated, and would probably be necessary.

Mr. ELLENDER. The foundation of the agreement was laid in secrecy, and no one knew about it until it was signed. We got a few intimations of it from the press.

Mr. FULBRIGHT. What agreement was made in secret?

Mr. ELLENDER. The agreement of December 6, 1945, which was signed by the Secretary of the Treasury Vinson and Lord Halifax and which we are now asked to ratify. I saw some statements in the press in Washington to the effect

that a loan was being discussed. How the newspapermen obtained the information I do not know, but they could not get any of the details. They were all arranged in secrecy. I say that it would have come with better grace if our State Department and the Treasury Department had let some of us in on all these proposals. The Senate has voted to take membership in the Bretton Woods proposals. We have increased the capital stock of the Export-Import Bank to the extent of three and one-half billion dollars, and I am informed that we are soon to be asked to increase it further. Aside from all those loans, and from all the proposals in which we were to participate to the sum, as I stated a while ago, of almost \$10,000,000,000, I do not believe that anyone can say that he knew that we would be called upon to make a separate loan to the British, or to any other Government, so far as that is concerned.

Mr. FULBRIGHT. Will the Senator yield further?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I think the Senator vastly exaggerates the secrecy. Does the Senator know that not less than 12 or 15 Members of this body engaged in the consultation? I know it was not less than that, and was probably more, though I would have to check the figure, but of my own knowledge I know that as many as 12 or 15 consulted with the British representatives, and our own, and were told during the negotiations practically all the facts as they were finally developed. Under the rules of the Senate, representatives of other governments are not permitted to come here and discuss matters with the Senate directly, but I know of some of the most influential, prominent Members of this body who, on a strictly informal basis, for purposes of information only, carried on discussions in the presence of our representatives and those of the British, and there was certainly no secrecy whatever about it.

Mr. ELLENDER. I do not see why it was that, as the Senator says, 10 or 12 or a handful of Members were permitted to learn of some of the details. It takes more than 12 votes to pass a bill in the Senate, and it strikes me if more of us had been taken into the confidence of the Treasury Department and of the State Department, let us say, respecting Bretton Woods, respecting any of our financial plans of the future, we might have been able to devise some plan which would accomplish the objective Bretton Woods calls for. But, no, it seems it all has to be done behind closed doors. I am taking the word of the Senator that a few Members of this body were taken into the confidence of the officials, but I am not aware of any Senator who knew about it. It was never discussed with me—not that it makes much difference.

Mr. FULBRIGHT. Many who were invited were too busy to attend, but the Senator is suggesting that this body itself negotiate international agreements, and under our system of government that is wholly impractical.

Mr. ELLENDER. No; I am not suggesting such a plan; but those who negotiate these agreements should know that they have to be passed upon by the Senate. We are the ones to vote whether or not they are to go into effect. I would like to know why the deliberations should be veiled in such secrecy?

Mr. FULBRIGHT. I think the members of the State Department are aware of the existence of the Senate's functions.

Mr. ELLENDER. I repeat, Mr. President, I try to keep abreast of all that is going on in the Senate, but never at any time did I hear about this proposed agreement to lend Great Britain \$3,750,000,000 until after it was announced by the press.

What does this agreement provide? It is my contention that if the British had sent their best lawyers to draft a contract favorable to the British, they could not have succeeded in drafting an agreement more favorable than that which was agreed to and signed by Lord Halifax, representing the British Government, and by Hon. Fred Vinson, representing the United States Treasury. There is nothing in the agreement which compels the British to do a thing they were not obligated to do before the war.

Oh, they have agreed to change some of the practices they followed during the war because of the exigencies of war, for instance, the pooling of assets and dollars, and that sort of thing. But the war has ended. There is no longer necessity for the pooling of assets and of dollars to carry on a nonexistent war. This proposal will fall of its own weight. There is no longer any necessity for it, unless it is to be used by the British to force nations to do their bidding.

Mr. FULBRIGHT. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I do not want to pursue the matter, but I think the record should be kept straight. On page 18 of the hearings on Senate Joint Resolution 138 appears the following:

Report from the Senate Committee on Banking and Currency.

I think the report makes quite specific reference to the point which is now being made.

Mr. ELLENDER. I have read it.

Mr. FULBRIGHT. It is a public document. I do not understand where all the secrecy and double dealing came into the Senator's mind when in this report it very plainly states that the problem is in the transitional period and will have to be dealt with after the Bretton Woods agreements. There is no secrecy about it.

Mr. ELLENDER. But all of that was in connection with the Bretton Woods proposals. The question resolved itself into the proposition of direct loans or the Bretton Woods proposals. Not both, I may state to the Senator.

Mr. FULBRIGHT. The Members of the Senate are considered to have knowledge of what took place in those negotiations, and this report was made by the Senate Banking and Currency Committee and printed in the hearings.

Mr. ELLENDER. Yes; but the loans in contemplation, as I understood, were to be made by the International Bank created under one of the Bretton Woods agreements.

Mr. FULBRIGHT. Oh, no; I do not read it that way at all.

Mr. ELLENDER. I do. Separate loans were never contemplated in the event the Bretton Woods proposals were to come into being.

Mr. FULBRIGHT. I do not think it is subject to that interpretation. I think the language of the report should be read. I read:

Britain's international-payments position requires the solution of three distinct problems. The first is to restore a balance in its current-account position by expansion of British trade. The second is to finance the deficit in the British balance of payments during the postwar transition.

Which is the problem we have under consideration.

Mr. ELLENDER. That is correct, but such financing was to be made through the Bretton Woods proposals.

Mr. FULBRIGHT. I continue to read:

The third is to make some permanent arrangement on the sterling balances accumulated during the war.

Mr. ELLENDER. But that was to be done under the Bretton Woods proposals or through loans that were suggested as an alternative to Bretton Woods.

Mr. FULBRIGHT. On page 19 there is a long discussion of the matter, and I think perhaps it would be well to read it:

The restoration of a balance in Britain's current payments may take time. For this reason Britain finds it necessary during the transition to exercise controls to limit the foreign-exchange obligations its nationals will otherwise incur. Assuming that Britain will restore her current international position, she must find the foreign-exchange resources needed to finance the transition. The magnitude of this problem cannot be predicted until it is known how quickly international trade and investment are restored and the extent to which the world will then purchase British exports. This will depend on how long the war with Japan lasts, the promptness of reconversion, the new pattern of world trade resulting from the defeat of Germany and Japan, and above all on the other measures taken to expand international trade and investment.

Then, skipping down to the last sentence, which I think sums it up:

Only after there is assurance that the fund and bank will be available to encourage world trade and investment will it be possible to determine further steps needed—

Note that—

further steps needed to help with Britain's balance-of-payments problem.

I do not see how it could have been made any plainer that further steps were contemplated.

Mr. ELLENDER. But I repeat that all that was to be done within the purview of the Bretton Woods proposals and by the Export-Import Bank.

Mr. FULBRIGHT. The language I read is "to determine further steps needed." Why should further steps be needed?

Mr. ELLENDER. There was never any mention made of the fact that we would loan money to any foreign country aside from what such country could obtain through the Export-Import Bank and through the Bretton Woods agreements.

Mr. FULBRIGHT. The language I have just read very clearly means to me what I have just stated.

Mr. ELLENDER. If the Senator from Arkansas can get any satisfaction out of that language he is welcome to it.

Mr. President, what is the purpose of this line of credit, as stated in the agreement?

The purpose of the line of credit is to facilitate purchases by the United Kingdom of goods and services in the United States.

It does not say how much. It could be of the value of \$100,000 or 10 cents. Then follows this language:

To assist the United Kingdom to meet transitional postwar deficits in its current balance of payments, to help the United Kingdom to maintain adequate reserves of gold and dollars, and to assist the Government of the United Kingdom to assume the obligations of multilateral trade, as defined in this and other agreements.

I venture to say that we will get very little benefit from any purchases made with the money we are going to loan to Great Britain. What she is going to try to do is to satisfy a number of countries in the sterling bloc who cannot get their funds now because of Britain's inability to pay them off.

I skip to No. 6:

6. Relation of this line of credit to other obligations: (1) It is understood that any amounts required to discharge obligations of the United Kingdom to third countries outstanding on the effective date of this agreement will be found from resources other than this line of credit.

Is that not nice? As was pointed out the other day in the debate, the British have from \$8,000,000,000 to \$10,000,000,000 of liquid assets. Some of them are in hock in this country at the moment. Britain could easily use this money to release some of her assets and then from such assets pay off or try to satisfy some of her creditors who may be at this moment knocking at her door.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I do not recall the figures eight to ten billion dollars. I understood it was \$3,000,000,000. Will the Senator tell me what those assets consist of?

Mr. ELLENDER. Yes. If the Senator desires it at this moment, I think I can.

Mr. FULBRIGHT. I do not wish to interrupt the Senator's speech if he is coming to it later. I understood it was only \$3,000,000,000.

Mr. ELLENDER. I did not intend to speak of it. I obtained the figures from the editorial written by Mr. Jesse Jones, who as the Senator knows was long connected with the RFC. I understand that a distinguished Senator is now looking further into the amount of credits and liquid assets which the British have all

over the world. I read from Mr. Jones' editorial:

Prominent among these—

He speaks of the various assets and the revenues that the British obtained from the citizens of this country through investments the British have here. As I said, I have a list of some of the investments, but since the list was not completed I did not bring it with me. I now quote from Mr. Jones' editorial:

Prominent among these is insurance from which they make a very substantial profit out of the American people. According to a recent report of the United States Treasury, British-owned assets in this country aggregate more than \$3,000,000,000, and include \$587,000,000 United States Government securities, more than \$40,000,000 in corporate bonds and 623 controlled branches of corporations having a value of \$611,000,000.

These and other assets are owned by the British in this country, the profits and income on which are going to them. These assets and the profits of British insurance companies from business written in this country should be used by the British Government as security for any loan of dollars to be spent outside the United States—

And I think that is sound—

the British Government accounting to her investors in British money or securities.

The Senator was correct when he said that he understood that the assets of the British in the United States were \$3,000,000,000; but listen to this further statement from Mr. Jones:

The British are by no means strapped. It has been estimated that their assets in other countries than ours total some \$8,000,000,000, their unmined gold reserves have been estimated to be worth at least \$15,000,000,000, and their diamond reserves as much as \$8,000,000,000.

Of course, all the unmined assets are in the mines. They must be captured. But the other \$8,000,000,000 represents assets of a character similar to that of the assets which I have just described, which are held by Great Britain in this country, and which aggregate about \$3,000,000,000.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Does the Senator know where the diamond and gold reserves are?

Mr. ELLENDER. There are quite a few in South Africa, in Canada, and other British commonwealths.

Mr. FULBRIGHT. Is South Africa an independent nation?

Mr. ELLENDER. It is independent for some purposes, and it is a British possession for others.

Mr. FULBRIGHT. For what purpose is it a British possession? Can the Senator tell us?

Mr. ELLENDER. For purposes of trade, commerce, and the like. Let me say to the distinguished Senator that at the moment the British do not hold the stranglehold upon their commonwealths and colonies which they held in days gone by. Many of the commonwealths have come to maturity and have broken away from the mother country. They are more or less independent. They are thinking for themselves. They are manufacturing goods for themselves and for

export. I would not be at all surprised if within the course of 10 years some of the strongest competitors the British Isles will have will be the British commonwealths. Today, the Canadians are large competitors of the British in South America. Australia has expanded its industrial plants during the war. I would not be at all surprised to see Australia encroach on some of the export trade of the British in Java, Sumatra, and other countries in the Pacific.

Mr. FULBRIGHT. Does the Senator consider Canada as being more or less independent or is it an independent nation. My point is, Does the Senator consider all the assets in Canada and Australia within this estimate of assets of Great Britain?

Mr. ELLENDER. No.

Mr. FULBRIGHT. I do not quite see what the Senator's point is.

Mr. ELLENDER. Of course, some of the assets of unmined gold and unmined diamonds may not be in the hands of the British Government as such, but—

Mr. FULBRIGHT. Does the Senator know whether any of such assets are in the hands of the British?

Mr. ELLENDER. Do not forget the fact that the British Isles, constituting about 10 percent of the population of the British Empire, actually control the destinies of millions of people in South Africa, India, and other places, by having control of their businesses. Where do we find those who own the gold mines in South Africa? Where do they live? Where does the Senator think most of the stock is? If he thinks it is in South Africa, he has another think coming.

Mr. FULBRIGHT. It is sold on the market and can be bought anywhere.

Mr. ELLENDER. It is controlled exclusively by a group of British merchants who do not live in South Africa or Canada. I do not have to tell the Senator that the British have enormous possessions in Java, Sumatra, and Australia. As I shall show in a moment in connection with the situation in Burma and India, the British control those people commercially.

Mr. FULBRIGHT. The Senator says "the British." Does he mean private individuals, or the Government? Does the Government own those assets?

Mr. ELLENDER. They are owned by corporations. Evidence will be furnished showing that the British Government does own much of the stock, to the same extent that the British Government now owns stock in many corporations in this country. The British are pretty well protected.

Mr. FULBRIGHT. How did the British Government come to have stock in our corporations? Is it not true that the British Government took over such stock during the war, as a war measure? Did the British Government own it prior to the war? The fact is that it expropriated it from its own nationals during the war.

Mr. ELLENDER. That may be true with respect to some of it.

Mr. FULBRIGHT. That is correct. I think the Record ought to show that that is what happened. The British Govern-

ment was so hard put that it had to do it, having run out of assets of its own.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. The Senator from Louisiana is correct when he says that the British Government, as such, owns a share in British corporations. British corporations in which the British Government owns shares are scattered throughout the world. That is a fact which I do not think can be disputed by anyone. But in direct answer to the question of the Senator from Arkansas as to what this has to do with South Africa, let me say that South Africa is a member of the sterling bloc, which went off the gold standard with Britain in 1931. The object of this loan is supposed to be to liquidate the sterling bloc. That is the whole purpose of it. So the testimony and the evidence which the Senator from Louisiana is bringing out with respect to South Africa and the other dominions and possessions of the British Empire are all very much in point in this debate.

Mr. ELLENDER. I thank the Senator. For the benefit of the Senator from Arkansas, let me say that I am sure that within a few days—perhaps tomorrow or the next day—there will be ample evidence produced to show who owns and controls the various liquid assets referred to by Mr. Jones in his statement.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. The Senator from Arkansas referred to the fact that the British Government has expropriated from its own nationals the securities which were referred to in the colloquy between the two distinguished Senators. If our Treasury makes the proposed loan, it will do so by a procedure known as a public-debt transaction, indicating that the Treasury has not the surplus money to make the loan. Where must the Treasury go, then, to get the money to fund the British loan, if not to our own nationals?

Mr. ELLENDER. An overburdened people.

Mr. MURDOCK. Unless the people themselves, in the purchase of securities, know what they are buying, unless they know that they are lending their money to the Treasury for the purpose of making the loan, then does not this Government expropriate the money of its nationals to finance the British loan, without giving the people any say in the matter except through their representatives in the Senate and the House of Representatives?

Mr. ELLENDER. I can see no difference between the two transactions.

Let me continue reading from the loan message. I repeat that the loan is almost for the exclusive benefit of Great Britain, so that she may attempt to carry on trade throughout the world as of old. She does not propose to reform, but, on the contrary, she is seeking help so that she can tighten her grip on the helpless.

Mr. President, I do not believe that Great Britain will be able to carry on the trade which she maintained in the old

days. It is going to take many more billions of dollars to keep her up. As I shall point out in a few moments, this \$3,750,000,000 is but a shot in the arm, and, if it does not suffice, Britain will be coming back here for more funds. Then what will we do? Will we let her have more? I will not.

Mr. MURDOCK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Louisiana yield to the Senator from Utah?

Mr. ELLENDER. I yield.

Mr. MURDOCK. The first witness who appeared at the committee hearing on the British loan was, as I recall, the distinguished Secretary of the Treasury. Senators will find in his remarks, before the committee, the statement that the loan is being made or will be made to Britain or to the United Kingdom so that the United Kingdom may again, insofar as world trade is concerned, assume her usual place. The words "usual place" are the exact words which were used by the Secretary of the Treasury. A little later in his statement he told us that the loan is being made to the United Kingdom so that she may again enjoy the strategic position which she has historically held over a long period of years in world trade.

As a result of those two statements, I asked this question: Is the loan to be made for the purpose of placing the United Kingdom again in the dominant position which she has held over a long period of time in international trade? I do not recall that the Secretary of the Treasury admitted that that was the purpose.

Mr. ELLENDER. But the Senator knows it is.

Mr. MURDOCK. But, Mr. President, to my mind when we talk about "the usual position of the United Kingdom," we refer to the position which she has held over a long period of years; and when reference is made to her "strategic position," if I understand the meaning of the word "strategic," that means a position of advantage.

If that is the purpose of the loan—and it was so stated by the Secretary of the Treasury—I ask this question: In view of all the resources of the United States and the vast population of the United States, do we wish to finance the United Kingdom so that she may assume a position in world trade above our own position?

Mr. ELLENDER. Mr. President, I think I am in full possession of my faculties, and I know that I do not want that to happen. The Senator from Utah has put his finger right on the point. We are now trying to revive a dead horse, as it were. I am very sympathetic to the British. In days gone by, as I shall point out in a few minutes, the British were able almost to force their colonies to buy manufactured goods from Great Britain. They prevented the development of manufactures in many of their colonies. But today the picture has changed. Her colonies are freeing themselves from the apron strings of the mother country and they are out for themselves.

I say to the Senator from Arkansas [Mr. FULBRIGHT] that with the loss which I know now exists and will exist to an even greater extent as time passes, the British Government cannot force its colonies to trade with England. So, in order to give the British the dominant position which they occupied in the past, as was described by the distinguished Senator from Utah, it will be necessary to keep on pouring money into London, just like pouring water into a rat hole, and expecting it to reach the rats. I simply cannot see it otherwise.

Mr. MURDOCK. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I merely wish to call the attention of the Senator to the fact that the sterling bloc was really brought into being as a legal entity as late as 1944 by the United Kingdom, under an edict or order of the United Kingdom to the sterling area countries. I called that fact to the attention of the witnesses at the hearings, and told them that, in my opinion, it probably was the greatest exercise by any country in the history of the world of absolute financial control over a great number of countries. The witnesses answered me by saying that the United Kingdom has done that because of her weakness, not because of her strength. They said that in her weakness she has brought about the existence of the sterling area and also the existence of the sterling-dollar pool, so that the countries coming within her orbit—the countries coming under the control of the sterling area order and the sterling-dollar pool can do nothing with the dollars which they get as a result of exports of their own except to let them be syphoned into the sterling-dollar pool and then be allocated by the United Kingdom as the United Kingdom sees fit to do.

The question arises in my mind, If we strengthen a nation which, as the result of her own weakness, has brought about that condition, can we reasonably expect that in her strength she will let go what she has brought about in her weakness?

Mr. ELLENDER. Mr. President, I have never heard of the British doing anything for anyone but themselves. They are most selfish.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I doubt that the record will show that the British created the dollar pool or the sterling bloc by an edict. Those agreements were made by agreement of the people concerned, and I believe they can withdraw from the dollar pool whenever they wish to do so.

Mr. ELLENDER. I know that, and they will be forced to do so. As I said, the sterling-dollar pool was created during the war. Peoples were led unto the pool for self-protection.

Mr. FULBRIGHT. I think the record will not show that the United Kingdom can by edict make the Canadians or the Australians or the New Zealanders do anything. That is one point. The Senator's whole argument is based upon the assumption that the British can make them do it.

Mr. President, inasmuch as the Senator from Louisiana has gone so far as to say that the British have never done anything for anyone else, I ask the Senator whether he can cite from history an equivalent in size and scope of the release by the United Kingdom of Australia, New Zealand, Canada, and South Africa, which were integral parts of the British Empire. It is true that Great Britain learned a lesson from her war with us and subsequently released those parts of her empire from a position under her domination. I do not know of any other country that has taken action equivalent to that. The nearest to it is our present release of the Philippines. But can the Senator from Louisiana point out any case in the days of the Greeks or Romans or any case involving modern nations, such as the French or Russians, in which a nation has given independence to rich areas containing such great natural resources and very progressive peoples? I think the Senator from Louisiana is going a little far in saying that England has never made any contribution to civilization.

Mr. ELLENDER. Mr. President, I did not say that, and the Senator from Arkansas knows it. In passing, however, I may say that Australia, Canada, and other British Commonwealths were not given more freedom because the British suggested it.

Mr. FULBRIGHT. Yes; Mr. President, the Senator from Louisiana said that the British have never done anything for anyone else, and he referred to the loan as the pouring of water down a hole to rats—to rats in a rat hole.

Mr. ELLENDER. I did not call the British rats, if that is what the Senator has in mind.

Mr. FULBRIGHT. The implication was most certainly that, as the Senator will see if he will read the RECORD.

Mr. ELLENDER. No; not at all. The Senator knows better than that, and I will not even argue the matter with him.

Mr. MURDOCK. Will the Senator from Louisiana yield to me in order that I may reply to the distinguished Senator from Arkansas, for whom I have the deepest respect?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I did not make ill advisedly the statement which I made a few moments ago. I hold in my hands a copy of the Index, which is published quarterly by the New York Trust Co. It is the winter issue. I secured it from the Congressional Library. One of the subjects with which it deals is bloc sterling balances, and the treatment of the subject will be found on page 88. It is true that the sterling area did exist on a rather loose and voluntary basis up to the happening of this event. But this is what the Index says, and I read it for the information of the Senator from Arkansas and other Senators. I read from page 88 of the publication to which I have referred:

THE STERLING AREA

Originally organized rather loosely as a currency bloc, which included a number of European countries as well as Japan and Bolivia, after Great Britain abandoned the

gold standard in 1931 the sterling area underwent changes in both members and their relationships during World War II, and became a legal entity defined officially in an order by the British Government dated February 8, 1944, as follows:

"The territories which, in addition to the United Kingdom, or included in the sterling area, are any of the following territories, excluding Canada and Newfoundland, that is to say—(a) any dominion, (b) any other parts of His Majesty's dominions, (c) any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by His Majesty's Government in the United Kingdom or in any dominion, (d) any British protectorate or protected state, (e) Egypt, the Anglo-Egyptian Sudan, and Iraq, (f) Iceland and the Faroe Islands."

That is the edict which, according to this publication from which I have read, created the legal entity now known as the sterling area. I am not informed as to whether such an edict is binding on all the dominions, all the countries, all the protectorates, and all the mandatories under the United Kingdom, but I believe that I have quoted from a rather authoritative source. So the loose-jointed or loosely organized currency bloc was attempted, at least, to be created into a legal entity by the United Kingdom.

Mr. ELLENDER. I thank the Senator.

Mr. MURDOCK. I thank the Senator from Louisiana for yielding to me.

Mr. ELLENDER. I continue quoting from this one-sided agreement. I read from page 6, paragraph 7:

Sterling area exchange arrangements. The Government of the United Kingdom will complete arrangements as early as practicable and in any case not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation—

There is nothing definite about that language.

Mr. HUFFMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUFFMAN. Is it not true that under this agreement England agrees only to attempt to do away with the restrictions to which reference has been made?

Mr. ELLENDER. That is all. That is what I am trying to point out. There is nothing definite about the agreement. In other words, we may go ahead and make a loan to Great Britain of \$3,750,000,000 and if, at the end of 3 or 4 years, things have not worked out as had been anticipated, according to the agreement England may come back and ask for more funds. In my opinion, that is what will take place.

Mr. HUFFMAN. Then the Senator takes the position that, under the agreement, there is nothing binding upon Great Britain to remove these restrictions.

Mr. ELLENDER. The Senator is correct. That is my interpretation of the contents of the documents.

Mr. HUFFMAN. To return to the Senator's assertion that the loan of \$3,750,000,000 would be but the beginning of a process of pouring water down a rat hole—to which the distinguished Senator from Arkansas [Mr. FULBRIGHT] took exception—

Mr. ELLENDER. The expression which I used is a common one, is it not?

Mr. HUFFMAN. Is it not a fact that what the Senator means to say is that the granting of this loan would be only the beginning of a process of making many more loans for the purpose of endeavoring to make sound an unsound British economy?

Mr. ELLENDER. The Senator is correct.

Mr. HUFFMAN. And that the weakness of that economy cannot be overcome by loans of this nature?

Mr. ELLENDER. The Senator has stated exactly my position. What he has said is exactly the reason why I assert that it would be folly to make the loan, and to do so would be to weaken our own economy.

Mr. HUFFMAN. Is it not true that the real weakness of the situation in respect to Great Britain lies in the fact that she does not have the natural resources within her islands to make her an export nation?

Mr. ELLENDER. That is the very point which I am next to take up and demonstrate to the Senate.

Mr. FULBRIGHT. Mr. President, I wish the Senator would elaborate on that point.

Mr. HUFFMAN. First, I have asked the Senator a question.

Mr. FULBRIGHT. Is it not a fact that Great Britain never did have large areas of natural resources, and yet she became a powerful nation during the past several centuries?

Mr. ELLENDER. That has been because of the control she has been able to exercise over her colonies. She went, for example, and grabbed off a portion of northern South America where there were located bauxite mines, and she went so far as to prevent the independence of her colonies in their establishment of any manufacturing industries. She forced their people to accept manufactured products in return for raw materials.

I do not wish to bring into the picture any reference to the War Between the States, but what I have stated happened also in our own country. It was the same practice that kept the South so poor. After the Civil War the South furnished, to a large extent, raw materials to the northeastern section of the United States, and in the meantime that section grew rich. Is that not true? Great Britain is endeavoring to exist on a false economy, and we are now being asked to maintain that false economy in the light of what has taken place during the past 10 years, especially since beginning of World War II. Many of Great Britain's colonies have developed industries to such an extent that they will become competitors for the export trade which Britain has enjoyed for a great many years. If the export trade of Great Britain is pushed down, down, and down, eventually she will fade away. One of the suggestions which I propose to make during the course of my remarks is that the United Kingdom should remove a great volume of her population from the islands and send some of it to Canada, some to Australia, and some to New Zealand for the purpose of developing nat-

ural resources in those countries, and carrying on manufacture within close range of raw materials.

Mr. HUFFMAN. Does the Senator take the position that we have the right to tell Great Britain to decentralize the British Empire, and to send its people to less settled areas of her Empire?

Mr. ELLENDER. No; we do not have the right to force her to do that, but what I have said is a suggestion, and it is made in the interest of Great Britain. If something like that is not done, I predict that an already grave situation will become more and more acute as time goes on.

Mr. HUFFMAN. I did not mean to disagree with the Senator. I wish to ask if, perhaps, the withholding of this proposed loan of billions of dollars to the British Empire may not be the hint required for a necessary migration from the British Isles to the less-settled areas of the British Empire?

Mr. ELLENDER. I do not believe that the people on the British Isles will starve there. If there is no future for them, and if such a situation ensues that Great Britain cannot develop sufficient export trade so that she can buy imports in sufficient quantity, including food, to maintain her population, the population will simply leave the British Isles. There is no other alternative.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I should like to ask the Senator from Ohio if he feels that the economy of Ohio is on a false basis. If I understand the situation, steel is manufactured in Ohio, though not a great quantity of iron ore is produced there, and textiles are manufactured there, but the people of Ohio do not grow cotton. It would seem to me that there would be a very black future for Ohio if such a condition necessarily indicated a false economy.

Mr. HUFFMAN. I cannot quite conceive of the situation in the State of Ohio being parallel with that of the British Empire. Furthermore, the State of Ohio is not asking for a loan of \$3,750,000,000.

Mr. FULBRIGHT. That would indicate that the economy of Ohio is not a false economy, and I do not think it is any more than I think the economy of Britain is a false economy. I think that now, as a result of the two wars, the economy of Great Britain has been thrown out of balance, as is that of much of the rest of the world, I remind the Senator, for instance, in Germany, France, Holland, and almost everywhere else. I do not think the present condition of those countries can be said to indicate or prove that their economy is a false economy. Prior to these two wars it was on quite a sound basis, but Britain has been in a very difficult place in both wars.

Mr. HUFFMAN. Britain is an import nation, is it not?

Mr. FULBRIGHT. And an export nation. She manufactures many articles.

Mr. HUFFMAN. But predominantly she is an importing nation.

Mr. FULBRIGHT. The Senator from Louisiana was the one who suggested the analogy between Britain and the South, particularly my State and his State, and the Northeastern States, of which the Senator's State is one. I did not suggest it. I recognize the analogous situation.

Mr. HUFFMAN. As I understand, the population of Ohio is not in need of a loan of the kind we are considering, and it is not necessary for Ohio to have such a loan in order to continue her existence, or to overcome any condition of weakness now existing. But does the Senator from Arkansas take the position that this loan of \$3,750,000,000 will make the British Empire an exporting nation?

Mr. FULBRIGHT. I certainly think it will contribute to the solution of the present difficulties in balanced payments. The purpose is to make her currency convertible. I do not pretend to know all the intricacies of international trade, but I do say that the best brains this country has in finance and in commerce, the very best we are able to produce, not only in the Government, but in advisory capacities, have said the amount suggested is sufficient to enable Britain to resume her normal functioning. It will never be normal, of course, after the war, but she can be a strong functioning element within the world economy. I am not saying that of my own knowledge, but I think that under our system of Government, unless we can accept the verdict of the best brains we have, we are in a hopeless predicament, and can never reach a solution of the problem.

Mr. HUFFMAN. Can the best brains to which the Senator refers give us any assurance that this borrowing will not be a recurring matter every time the credit or loan is exhausted?

Mr. FULBRIGHT. As has already been pointed out, I do not think anyone can give assurance of anything in the kind of world we now have. There is no assurance we will not have a war next month or next year. There is no assurance Britain will repay the loan. We can only balance the probabilities in such a world. We have never guaranteed necessarily that there will be a repayment, nor have the British. There is no basis for guaranteeing what their action during the next several years will be in that connection, or in other financial or political matters.

Mr. HUFFMAN. My only reason for making the statement was to indicate that the uncertainty here is so great that, in the uncertainty, I expect to cast my vote in favor of the people of the United States.

Mr. MURDOCK. Mr. President, will the Senator from Louisiana yield to me for an observation?

Mr. ELLENDER. I yield.

Mr. MURDOCK. In respect to the statement made by the Senator from Arkansas [Mr. FULBRIGHT], I call his attention to the fact that if the United Kingdom repays this loan subject to the conditions of the agreement, she must increase her domestic cash exports by 1952, by at least 322,000,000 pounds sterling over the average domestic cash exports of the years 1936-1938. In the years 1936-1938 the domestic cash ex-

ports of the United Kingdom amounted to 478,000,000 pounds sterling. That was their value. In order to repay this loan, according to its terms, by the year 1952, she must increase those exports to 800,000,000 pounds sterling, indicating a vast increase of her exports over the average for 1936-1938.

If I may make one further observation—and the Senator from Louisiana has been very lenient with me—I refer to the Atlantic Charter. Speaking of Prime Minister Churchill, and the then President of the United States, Mr. Roosevelt, the Charter says:

They have agreed upon the following joint declaration.

I skip the first, second, and third points, and come to the fourth:

Fourth, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all states—

And I assume that when they said "all states" they meant those states which were considered as a part of the British Commonwealth—

great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

Now, Mr. President, if Great Britain must step up her domestic cash exports from £478,000,000, which was the value of them in the years 1936-1938, to £800,000,000 in 1952, in order to repay this loan, I challenge someone to tell me how we can carry out the fourth provision of the Atlantic Charter.

Mr. ELLENDER. Mr. President, I think the answer to the question of the distinguished Senator from Utah is very simple. We have a debt owing us from Great Britain, a hang-over, as it were, from World War I, which is still unpaid,

aggregating a little more than \$3,500,000,000. That has been defaulted. Great Britain at the time owed altogether less than \$30,000,000,000. Her revenues from shipping, insurance, and other undertakings were at an all high. Today she owes almost \$100,000,000,000. Her shipping has been cut to the bone. She has lost many of her investments throughout the world. In the name of common sense, with all she has lost in the war, and with the greater debt, how can she expect to do any better with a debt of \$3,750,000,000 dollars than she did with a debt of 4½ billion, from World War I, which is still owing?

Mr. MURDOCK. Will the Senator yield at that point?

Mr. ELLENDER. I yield.

Mr. MURDOCK. The Senator has mentioned shipping, which has always been one of the great sources of income of Great Britain. Now we find that in order for the United Kingdom to pay the proposed debt to the United States she must increase her net shipping income from the average of 105,000,000 pounds sterling of the years 1936-38 to 165,000,000 pounds sterling by 1952. In other words, instead of the mere resumption of her prewar domestic shipping income, she must add to that by at least 55,000,000 pounds sterling.

If the Senator will yield further, I should like to ask unanimous consent, with the Senator's consent, to insert in the RECORD at this point a table published in the Winter Issue of the Index, published by the New York Trust Co., at page 92, showing the different items of exports and imports and other figures with respect to the income of the United Kingdom.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Hypothetical balance of payments for the United Kingdom
(In millions of pounds sterling at 1938 prices)

Item on current account	Prewar average, 1936-38	Transition				Total	1952
		1946	1947	1948	1949		
Merchandise trade:							
Retained imports.....	-866	-809	-850	-954	-924	-3,537	-1,100
Domestic cash exports.....	+478	+233	+322	+470	+631	+1,656	+800
Trade balance.....	-388	-576	-528	-484	-293	-1,881	-300
Net shipping income.....	+105	+75	+105	+105	+125	+410	+165
Net income from overseas investments.....	+203	+130	+130	+135	+140	+535	+175
Net special interest payments on sterling debts and balances.....		-60	-60	-60	-60	-240	-60
Net commissions, insurance, brokerage, discounts, etc.....	+37	+20	+25	+30	+35	+110	+40
Net tourist expenditures.....	-12	-10	-10	-10	-15	-35	-25
Net governmental.....	-7	-10	-10	-10	-10	-40	-10
Net miscellaneous.....	+5	+3	+5	+5	+5	+18	+5
Net invisible items.....	+331	+158	+205	+215	+250	+826	+340
Balance on current account.....	-57	-418	-323	-269	-48	-1,053	+40

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MAGNUSON. I know the figures quoted by the Senator from Louisiana and the Senator from Utah are correct, but let us assume that we come to the conclusion that the British Empire is a dying economy, and that Great Britain is rapidly becoming a second-rate power among the world powers; and follow that

up with the very frank admission of the Senator from Arkansas, who is always intellectually honest with this body, that there is no guarantee of repayment; that there never was intended to be any guarantee; but we have hope that the debt will be repaid. Assuming all that, however, I will ask the Senator from Louisiana if he does not think, in view of the fact that the details of this matter have been gone over by good Americans, men

who are of the highest financial and economic ability, that the only question the Senate has to decide is whether or not it is worthwhile for America to keep England in business, and if we should decide affirmatively would the Senator vote for this loan?

Mr. ELLENDER. Yes; but there are other ways to keep her in business. I do not mean on the little British Isles. If England needs any advances of materials or credit of some kind to help her out of this emergency and at the same time help us out, there would not be any difficulty in getting that. But what Britain is asking for here is money so that she can make use of it in order to continue her present methods of doing business. It is her desire to maintain domination over many countries in the Mediterranean area and southern Asia.

I will say, Mr. President, that the only solution I can see is for Britain, that is, England, Scotland, and Wales, to have a population just of sufficient size to maintain her economy, and move out many of the industrial plants which are there and locate them nearer the raw products.

There is much talk about shipping. A large percentage of the imports which went into Great Britain were paid for out of profits she derived from her shipping trade. I think the figures show that she had before the war 22,000,000 tons of shipping bottoms. That has been reduced to approximately 15,000,000 tons. And necessarily her profits from that source are declining. We have a large merchant marine that we ourselves expect to develop. Would anyone deny that the development of our merchant marine is bound to encroach on the British trade in carrying goods in vessels from one country to another? It is bound to do so. Not only that, Senators; Britain is receiving competition of a similar nature in almost every line of endeavor that made her great in the past. She cannot possibly overcome that competition and maintain her economy as of old. Her revenues have been on a steady decline and her people should realize that the task of keeping up her economy is almost insurmountable.

Mr. MAGNUSON. Mr. President, will the Senator yield for a further question?

Mr. ELLENDER. I yield.

Mr. MAGNUSON. Then, if I understand the Senator's position he would probably answer my question in the affirmative that it is worth while for us to keep England in business, but that the Senator would propose different methods than the methods proposed by the pending legislation?

Mr. ELLENDER. When I say the British, that of course involves not only the islands but—

Mr. MAGNUSON. The British commonwealths.

Mr. ELLENDER. The British commonwealths, certainly. But I do not want to vote for any measure which will give to Great Britain the same stranglehold which in the past she has had on many countries and on her own commonwealths. The Senator from Utah [Mr. MURDOCK] just read from the Atlantic Charter. I should like to see its

terms carried out, because oftentimes trade wars lead to shooting wars.

Mr. MAGNUSON. Mr. President, like the Senator from Louisiana, I disagree with some of the provisions of the loan. I can only answer the question for myself that it is worth while for us to keep England in business. We may disagree with respect to the methods. I disagree with some of the things Britain has done recently, particularly respecting bases. But I hope that matter can be worked out, and that England can prosper and take her rightful place among the leading nations of the world. I hope the Senator can present an alternative, and I hope it will be of such a nature that we can join in voting for it.

Mr. ELLENDER. On page 5 of my outline I have the remedy by which we can help the British, and I give my conclusions. I expect to cover some of those points as I proceed.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. I should like to say that I have asked myself the question which the Senator from Washington propounded to the Senate, and I have approached the whole question from the angle that he suggests. That seems to me to be something which each of us must answer for himself. But after a very careful study of the whole situation I am convinced that this loan cannot do more than alleviate Britain's problem for possibly 5 years, and that at the end of 5 years we will be called upon for another loan of similar size, and that recurring loans must continue until the sterling bloc has been completely liquidated. The sterling bloc, in credits, now amounts to \$14,000,000,000 plus, and it is growing rapidly month by month, and in a very short time it will reach the staggering total of \$16,000,000,000. Until those credits have been liquidated I do not think that a loan of \$3,750,000,000 can do anything other than keep the United Kingdom in business for a short period of time.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. First, I should like to correct the impression the Senator from Washington has with respect to what I meant when I said that I would not guarantee the repayment of the loan. I meant it in the sense that everything is so uncertain now that we do not know what is going to happen. Obviously the occurrence of another war would prevent repayment. I did not mean to imply, however, that if we can maintain a steady world that the British will not repay. I think they will pay provided there are reasonable conditions in the world, especially political, and without a recurrence of another war.

Mr. ELLENDER. Can the Senator tell us why it was that Great Britain defaulted on her obligation to us after World War I, when her condition then was much better than it can ever be hoped to be at the end of 5 years hence, at which time she is supposed to begin to repay this loan?

Mr. FULBRIGHT. I can, and I intend to treat of that subject in my own remarks. I think that is a matter which would have to be dealt with so extensively that the Senator would not like to yield to me now for that purpose.

Mr. ELLENDER. I should be glad to have the Senator speak of it now.

Mr. FULBRIGHT. I intend to discuss it. It is discussed in the hearings.

Mr. President, I must say that I am a little confused at the Senator's approach. He began his remarks by pointing out that the British had great resources and reserves, and I thought his theory therefore would be that we should not make the loan because Great Britain is so rich she does not need it. Now the Senator says Britain is so poor that she simply cannot pull herself out. How does the Senator reconcile his initial statement respecting her vast resources all over the world with the statement he now makes that she is so poor and down and out that there is no hope of trying to save her?

Mr. ELLENDER. Mr. President, I did not intend to make such a statement, and I do not believe anyone can properly construe my remarks in the manner the distinguished Senator from Arkansas is now interpreting them.

Mr. FULBRIGHT. Did not the Senator begin his remarks by saying that Britain had billions of dollars of assets?

Mr. ELLENDER. Yes; she has a great amount of liquid assets which she can use to borrow money. I am not against a loan to Great Britain if it is properly secured and if Britain pays the same rate of interest as our own people are called upon to pay. So far as I am concerned, if it requires the consent of the Senate, I would vote for such a proposal tomorrow. But I am unwilling to make Britain a gift, and take money out of the hides of our own people who are already overburdened.

Mr. JOHNSON of Colorado. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. I wanted to say in answer to the statement just made by the Senator from Arkansas that the United Kingdom and the British Empire are being badly confused. There is no question about the British Empire having almost unlimited assets. Yet this loan is for the purpose of liquidating the sterling area, which is the British Empire. That is the object of the loan. There is a great distinction. If the Senator from Louisiana argues that the United Kingdom has some difficulty in balancing her exports and imports, and if the Senator goes on to say that there is great wealth in the British Empire, why there is no inconsistency in that kind of argument, and that is the argument, as I understand, that the Senator from Louisiana has been making.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HATCH. I wanted to clear up a matter in my own mind that was caused by a statement made by the Senator from Colorado a moment ago. If I understand correctly the amendment or the substitute which the Senator from Colorado

proposes, it in effect grants to Great Britain the same amount of money the pending proposal does, but would raise the money in a slightly different manner.

Mr. JOHNSON of Colorado. That is correct. It would raise it in a little different manner.

Mr. HATCH. There is no difference in amount.

Mr. JOHNSON of Colorado. But the Treasury of the United States would not assume responsibility for the loan, and would not be harmed if it were not paid back.

Mr. HATCH. But the money would go from the United States to Great Britain.

Mr. JOHNSON of Colorado. Under my plan it would be the friends of Britain who would carry the burden, instead of all the taxpayers of the United States.

Mr. HATCH. I understood the Senator from Louisiana to say just now that he does not object to a loan to Great Britain, provided it is properly secured, and made upon the proper terms of interest, payment, and so forth.

Mr. ELLENDER. The Senator is correct.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I should like to invite the attention of the Senator from New Mexico to another point. I believe that one of the strongest factors against the British loan is the fact that under the procedure outlined in the pending joint resolution the whole \$3,750,000,000 which goes into the British loan may be created under the magic procedure which existed during the war, of exchanging Government securities for demand deposits in our banks. If the British loan is funded by that type of procedure, what do we do? We dump another \$3,750,000,000 into a reservoir of dollars the retaining and controlling powers of which are already overtaxed, and by adding that much more money, in my opinion we add by that amount to the inflation menace now facing the country. If we get away from the magic procedure of converting Government securities into demand deposits, and go to the people of the United States and say to them, "We have decided to lend this money to Great Britain; we want you to have a voice in it, so we are going to sell bonds to the people," by selling bonds to the people and funding the debt in that way, we do what? Instead of dumping another \$3,750,000,000 into the reservoir we siphon that much money out of the reservoir and in a sense export it to the United Kingdom. Of course, ultimately the money which is obtained from the people and exported to the United Kingdom will come back to us. But in my opinion the interim between the time we export it and the time when it comes back would give this country an opportunity completely to reconvert, to step up our capacity to the maximum, and to that extent reduce the inflationary menace instead of adding to it. In my opinion, if we could accomplish that result, if we could eliminate to that extent the inflationary menace of dumping in another \$3,750,000,000 of new money, we would really accomplish something.

Mr. HATCH. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. Before yielding, let me say to my distinguished colleagues that I do not mind interruptions in the least. I am glad to note the interest which many Senators are taking in this debate. All the speeches which had been made before seemed to be one-sided. I am very glad to yield, so that we may, in a measure, get to the bottom of this question if that is possible.

I yield to the Senator from New Mexico.

Mr. HATCH. I thank the Senator. The only reason why I ask him to yield at this time is that the Senator from Utah addressed his remarks particularly to me. I am not debating the question now, and I was not when I asked the Senator from Colorado and the Senator from Louisiana the questions which I asked. I take it from what the Senator from Utah just said that he is of the same mind as the Senator from Louisiana and the Senator from Colorado; that is, he does not object to the British having this amount of money from the United States, but he does object to the procedure proposed.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I certainly made no such statement. I thought I prefaced my remarks by stating that there are at least two procedures by which this loan can be financed. One is the magic procedure which was indulged in—probably necessarily—during the war, of exchanging Government securities for demand deposits. That procedure is, to a degree at least, contemplated under the pending joint resolution.

I also prefaced my remarks—or thought I did—by saying that one of the arguments in my mind against making the loan is that to raise the money in that way would add to the inflationary menace now confronting the Nation. But if we adopt the procedure of selling bonds outright to the people, then we siphon off existing money instead of creating new money. I am sure that all Senators understand the difference between the two procedures.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. Could not the loan be financed in either way?

Mr. MURDOCK. It could be done in either way; but in my opinion it would not be done in the way I have suggested. Under the joint resolution, if it is enacted into law as it is written, in my opinion, the money would be raised in the same way in which we financed the war to a large extent. That is, whenever the people and the nonbanking corporations of the country did not raise the full quota of the bond issue being floated, the Treasury resorted to the magic procedure of delivering bonds to our banks, and in exchange setting up demand deposits in favor of the Government, without requiring one red cent in the way of reserve. To me, there is a vast difference between siphoning off

money from people who have a surplus of spending power and exporting that money, and, on the other hand, the creation of new money and dumping it into an already overtaxed reservoir.

I did not say that I was for the loan. I said that if we are to make a loan the safest way to make it, having in mind the inflationary menace, is to siphon the money from the surplus now in the hands of the people, rather than by creating new money in the form of demand deposits for the Treasury.

Mr. ELLENDER. In stating that I was for a loan, of course, I meant a loan of a sufficient size so as to aid Great Britain, if that is possible; but I want the loan to be secured by sufficient assets, and I want the interest rate to be at least equal to what we must pay to our own people, from whom we have so far been fortunate enough to obtain money.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. With respect to the means of raising the money to finance this debt transaction, as I interpret the provisions of section 2 of the joint resolution, we could not lend this money out of the \$25,000,000,000 or \$26,000,000,000 we now have on hand in the Treasury.

Mr. ELLENDER. The Senator is absolutely correct. Section 2 of Senate Joint Resolution 138 reads, in part, as follows:

SEC. 2. For the purpose of carrying out the agreement dated December 6, 1945, between the United States and the United Kingdom, the Secretary of the Treasury is authorized to use as a public-debt transaction not to exceed \$3,750,000,000 of the proceeds of any securities hereafter issued—

Not securities which have already been issued, but securities hereafter issued. So in order to obtain cash—and I am sure that that is what is in the mind of the distinguished Senator from Arkansas—we must go to our own people, who are already overburdened, and ask them to buy bonds. That will mean an increase in our per capita debt of \$25, and it will benefit the British people, on a per capita basis, to the sum of about \$80.

Mr. McCLELLAN. What I was trying to emphasize by my question was that no matter what the position of the Treasury may be with respect to cash on hand, this section, as now written, requires financing of the loan by the issuance of bonds to be sold directly to the people; or, as an alternative, in the manner described by the able Senator from Utah. There is no other way to provide the money under the terms of the joint resolution.

Mr. ELLENDER. That is the situation as I understand it.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I wish to be absolutely fair. In my opinion the joint resolution does contemplate that the money may be raised as indicated by the Senator from Arkansas, that is, by the issuance of securities and sale thereof to the

people, to insurance companies, and others. If there is any deficit in the amount raised in that manner, then securities will be exchanged for demand deposits in the banks.

I invite the attention of Senators to the fact that the Secretary of the Treasury is authorized, but not directed, to raise the money by means of a public-debt transaction. But, in my opinion—and this question was discussed during the hearings—the Secretary of the Treasury could finance the entire loan out of the present balance in the Treasury, which I understand is in excess of \$20,000,000,000 as of this date.

Mr. ELLENDER. As I interpret this language, and as I have just indicated to the Senator from Arkansas, in lines 6 and 7 on page 3 it is provided that the Secretary of the Treasury is authorized to use as a public-debt transaction not to exceed \$3,750,000,000 of the proceeds of any securities hereafter issued.

Mr. MURDOCK. That is true.

Mr. ELLENDER. In other words, as I understand, that section indicates that the money must come from funds not now in the Treasury.

Mr. MURDOCK. Mr. President, I think the Senator is correct in saying that that is the intention. In my opinion it is the intention of the Treasury to issue new bonds. But I call the attention of the Senator to the fact that the joint resolution provides only an authorization, not a mandate; and in my opinion the Secretary of the Treasury could, if he saw fit or if he so desired, use a part of the cash balance in the Treasury, as of the date the loan is approved by Congress, to fund the entire debt.

Mr. ELLENDER. What he probably could do would be to call in outstanding bonds of a matured value of \$3,750,000,000 and then reissue new ones in the same amount. He may do that.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. With respect to the authorization contained in the pending joint resolution, I am hardly able to agree with the Senator from Utah that the Treasury could finance the loan out of moneys now on hand in the Treasury. Certainly we are passing this joint resolution for the purpose of creating authority and giving the Secretary of the Treasury the right to advance the money, and we specifically state in the resolution how the transaction shall be financed.

What prompted me to inquire about the provision was my interpretation—and other Senators have somewhat the same interpretation—that in order to obtain the money necessary under the loan it will be necessary for our country to issue more bonds, thereby increasing the national debt. I am now speaking in terms of the bill pending, recently reported by the Finance Committee—the bill of the able junior Senator from Virginia [Mr. BYRD]—to reduce the authorization for the national debt to \$275,000,000,000, or approximately that amount. If we pass the pending joint resolution and later pass the bill introduced by the

Senator from Virginia [Mr. BYRD] reducing the amount of the national debt to \$275,000,000,000, then if the \$3,750,000,000 authorized under the loan would, when added to the already existing national debt, exceed that limitation, I do not know how it would be possible to raise the amount of money called for under the loan, because I do not believe the Treasury is authorized to make the loan out of the cash now on hand in the Treasury. It seems to me that when the Congress specifies how the money shall be raised and authorizes the Secretary of the Treasury to proceed in that way, he must follow that procedure. In the pending joint resolution we are saying how he shall proceed.

Mr. ELLENDER. Mr. President, as I just suggested, it would be possible for the Secretary of the Treasury to call in outstanding obligations to the extent of \$3,750,000,000 and use cash which he now has on hand in the Treasury to pay off those obligations, and thereafter sell bonds in the amount of \$3,750,000,000. Thus he would be in compliance with the provisions of the joint resolution, as I believe.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. A careful study of section 2 of the original joint resolution will disclose that it is an authorization measure, an appropriation measure, and an amendment to the debt limit—all in one small section. It is perhaps one of the most unique sections of law which has ever been written. It certainly is an appropriation measure, because it appropriates the money without any appropriation act. It authorizes this whole loan, and so it becomes an authorization measure; and, in addition, it is an amendment to the debt limit. Probably the pending bill to limit the national debt to \$275,000,000,000 would not be a limitation on this loan. If the joint resolution were enacted, the amount of the loan would be over and above the \$275,000,000,000 of the debt limitation.

Mr. McCLELLAN. Mr. President, will the Senator from Louisiana further yield?

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. I am wondering whether that would be the case if the Congress passed the pending joint resolution and subsequently passed the Byrd bill reducing the national debt authorization to \$275,000,000,000. It seems to me that if we pass this joint resolution first, authorizing the making of the loan—which we can do now because we have a national-debt limitation of \$300,000,000,000 at present, and the amount of the loan will come within that limitation—and then if we subsequently pass the Byrd bill reducing the debt limitation to \$275,000,000,000, in view of the fact that we already have a national debt of approximately \$275,000,000,000, I think the Byrd bill would supersede the loan resolution.

Mr. JOHNSON of Colorado. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. The reason why the pending loan joint resolution would supersede the proposal to limit the national debt to \$275,000,000,000 is that the pending measure is in the form of a treaty, and a treaty takes priority or precedence over any other sort of statutory law. Inasmuch as the pending joint resolution amounts to a treaty, of course, it supersedes the statutory limitation which is being presently studied.

Mr. McCLELLAN. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. If the pending measure is a treaty, a two-thirds vote of the Senate will be required to authorize it. I do not regard it as a treaty. I regard it as an Executive agreement. It is not submitted to the Congress in the form of a treaty.

Mr. JOHNSON of Colorado. Perhaps it is not submitted in the form of a treaty, but it has the same authority over our laws as a treaty does. Of course, it is an Executive agreement. But section 1 describes it.

Mr. McCLELLAN. The situation absolutely resolves itself into this: That Congress is approving the agreement which has been negotiated and entered into by the executive department of the Government and provides an authorization, in addition, to carry out the agreement. That is what the joint resolution does.

Mr. JOHNSON of Colorado. That is what it does. Because it does that, it causes this piece of legislation to stand ahead of and above any other statutory measure.

Mr. McCLELLAN. The Senator from Colorado may be correct on that point. I am not arguing that matter with him. But I can hardly see how the pending measure would supersede in authority any other measure which we subsequently might enact and by which we would limit the size of the national debt.

Mr. JOHNSON of Colorado. Mr. President, if the Senator from Louisiana will further yield, I wish to say that I am not a constitutional lawyer and I am now getting into very deep water. But it has been made clear in certain oil cases that statutes affecting our relations with foreign nations take precedence over domestic legislation.

Mr. McCLELLAN. In other words, if we pass the pending joint resolution and make the loan, Congress could not later abrogate the agreement. That is what it amounts to.

Mr. JOHNSON of Colorado. Yes; that is what it amounts to. The other matter I have in mind is the debt limitation.

Mr. McCLELLAN. In other words, the loan would be within the legal debt limit at the time of the enactment of the joint resolution, and therefore it would become an obligation which the Congress could not later abrogate or default.

Mr. JOHNSON of Colorado. That is true.

Mr. McCLELLAN. In other words, we would be under obligation to carry it out, irrespective of any future legislation.

Mr. JOHNSON of Colorado. That is my understanding.

Mr. ELLENDER. Mr. President, I do not think we need worry about that, because, as I understand, the present administration proposes to reduce the debt several billion dollars within the next few months. So why worry?

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McMAHON. I should like to say that Congress could, in derogation of the agreement, pass any law which it might choose to pass. Such a future law might be in bad faith insofar as the loan agreement or joint resolution is concerned, but it would be in full force and effect, the same as any other law which Congress might pass.

Mr. ELLENDER. Mr. President, before I was interrupted a while ago I was discussing the agreement which the Senate is now called upon to ratify, and I was attempting to show that in no part of the agreement is the British Government obligated. There is always some sort of exception as to doing this, that, or the other thing. I was reading from page 6 of the President's message, under part 7:

7. Sterling area exchange arrangements: The Government of the United Kingdom will complete arrangements as early as practicable and in any case not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation, under which immediately after the completion of such arrangements the sterling receipts from current transactions of all sterling area countries (apart from any receipts arising out of military expenditure by the Government of the United Kingdom prior to December 31, 1948, to the extent to which they are treated by agreement with the countries concerned on the same basis as the balances accumulated during the war) will be freely available for current transactions in any currency area without discrimination; with the result that any discrimination arising from the so-called sterling area dollar pool will be entirely removed and that each member of the sterling area will have its current sterling and dollar receipts at its free disposition for current transactions anywhere.

In paragraph 8 we find this:

(ii) The Governments of the United States and the United Kingdom agree that not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation, they will impose no restrictions on payments and transfers for current transactions.

And so forth. I now read from paragraph 10 on page 7:

Accumulated sterling balances. (i) The Government of the United Kingdom intends to make agreements with the countries concerned, varying according to the circumstances of each case, for an early settlement covering the sterling balances accumulated by sterling area and other countries prior to such settlement—

The alleged purpose of this loan, Mr. President, as I understand, is to break some kind of a log jam which now exists, and which makes it impossible for us to

trade with some of the countries which belong to the sterling bloc. Great Britain is deeply in debt to them, and, of course, they must go to her in order to have released some of the money which Great Britain owes them. But, as I have already pointed out, there is no absolute agreement to do anything. The agreement provides only that Great Britain intends to do something to effect the alleged purpose.

I read further from paragraph 10:

(ii) In consideration of the fact that an important purpose of the present line of credit is to promote the development of multilateral trade and facilitate its early resumption on a nondiscrimination basis, the Government of the United Kingdom agrees that any sterling balances released or otherwise available for current payments will, not later than 1 year after the effective date of this agreement unless in special cases a later date is agreed upon after consultation, be freely available for current transactions in any currency area without discrimination.

Mr. President, I have referred to various provisions of the agreement in order to show that in its language there is absolutely nothing binding on the part of Great Britain to perform any act, but, on the other hand, so far as we are concerned, we bind ourselves to advance to her the enormous sum of \$3,750,000,000, which will mean an increase of about \$25 in the per capita debt of every man, woman, and child in this country. Today that debt is almost \$2,000 per capita, and in order to bail out Great Britain, we are being asked to increase it by another \$25.

Mr. President, the agreement states that there is a need for this loan. For what purpose, I ask? Great Britain has always been a manufacturing country. She must import virtually all raw materials except coal and some iron. Great Britain produces very little food for her people. She must buy enormous quantities of food throughout the world. In order to be in a position to pay for such food it is, of course, necessary that her shipping business, her export business, as well as the various other lines of business in which she is now engaged, and which are scattered all over the world, be used in order to offset the import charges.

In his testimony Mr. Vinson gave the following figures, as appearing on page 5 of the hearings:

Mr. VINSON. She—

That is Great Britain—

paid for 55 percent of her imports by her merchandise exports. About 24 percent of her imports was paid for with net income from British investments in all parts of the world. Another 17 percent of her imports was paid for out of the net receipts from shipping, insurance, banking, and other services. England's foreign exchange receipts from all of these sources have been sharply reduced.

That, Mr. President, is the main reason why the loan is now being requested. It is being requested in order to allow Great Britain to meet payments for the importation of goods which were formerly paid for out of her profits from insurance and other enterprises. However, as I

have already indicated, this money could be loaned to Great Britain by us through the Export-Import Bank if she desired to deal with us in that way. But she does not want to do that. There is absolutely not a line in the agreement which states that she must buy a specific amount of raw material, or any kind of products from the United States. She may use all the money for the purpose of putting temporarily her house in order and recur to her former methods of doing business throughout the world, and continue to maintain a population of 46,000,000 people on what I at the moment say is a false economy.

Mr. President, I wish to indicate some of the products of Great Britain, in showing that she is unable to maintain her present population with such a limited amount of products, and with a continuation of her present importation of raw material, to which she must resort in order to make a success of her economy. Two of the main resources upon which she depends for her economy are iron ore and coal. The average number of tons of iron ore for the years 1935 to 1937 was 12,417,000. Her importations of iron ore amounted to 5,619,000 tons on the average for the same period.

The average of pig iron for the years 1935 to 1938 was 7,350,000 tons. She imported 341,000 tons. She imported 778,000 tons of scrap iron, and had on hand 5,800,000 tons.

But, Mr. President, when we consider products such as hardwood, softwood, wood pulp, newsprint, and other paper and board, raw cotton, and so forth, she must, of course, import all of it. There is no magnesium, aluminum, or other minerals in commercial quantities in Great Britain. That is why I suggested a few minutes ago that, in my humble judgment, it will be almost impossible to maintain the economy of Great Britain as it is now sought to be maintained.

Great Britain's colonies expanded to such an extent, industrially speaking, during the last war that they will become some of the chief competitors of Great Britain. Her shipping will receive considerable competition from the United States and other countries, as well as her own colonies. Such competition will encroach considerably on her revenues from which in the past she paid for much of her importations. The figures, so far as the future is concerned, do not indicate that a sufficient amount of her former trade will be available to her in order to continue doing the business which she did before the war. I am convinced that Great Britain will hardly ever in the future be able to import and export as great a quantity of products as she did in the best years before the war. It is not in the cards for the future, because of the competition which exists from every side, to which I have adverted.

Mr. President, I do not wish to take the time of the Senate, so I ask to have incorporated in the Record two of the tables showing the home production of some essential raw materials, and the imports of raw materials into the United Kingdom.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Home production of some essential raw materials¹

[In thousand tons]

	1935-38 average	1939	1940	1941	1942	1943
Iron ore ²	12,417	14,486	17,702	18,974	19,540	18,487
Pig iron.....	7,350	7,980	8,205	7,392	7,604	7,187
Scrap for steel-making.....	5,800	6,379	6,527	6,622	7,688	7,782
Steel ingots and castings.....	11,256	13,221	12,975	12,312	12,764	13,031
Hardwood.....	150	310	496	655	1,025	1,251
Softwood.....	180	120	444	701	861	805
Pitwood.....	120	450	1,527	1,441	1,574	1,765
Aluminum.....	18	25	19	23	47	56
Magnesium.....	2	5	6	11	18	23
Newsprint.....	857	294	150	140	129	
Other paper and board.....	1,413	1,523	1,240	1,147	1,031	
Cotton yarn.....	503	487	529	367	327	312

¹ Details of the output of fuel and power have been published recently in the Statistical Digest from 1938. Cmd. 6538.

² Average ferrous content about 30 percent.

³ Estimated from statistics of consumption and imports.

⁴ Production in 1930.

⁵ Estimated production at the beginning of the war, expressed as an annual rate.

⁶ Production in 1935.

Imports of raw materials to the United Kingdom (excluding imports from Eire)

[In thousand tons]

	1935-38 average	1939	1940	1941	1942	1943
Iron ore ¹	5,619	5,240	4,549	2,283	1,922	1,895
Pig iron.....	341	354	676	971	356	361
Scrap.....	778	605	537	549	15	5
Steel ingots.....	17	24	488	562	480	499
Semi-finished steel ²	462	807	1,595	1,802	1,214	1,063
Finished steel.....	561	517	811	698	382	737
Hardwood.....	1,126	836	683	365	300	307
Softwood.....	5,848	4,255	2,353	1,253	841	1,329
Pitwood.....	2,688	1,607	1,090	189	31	72
Wood pulp.....	1,650	1,611	634	246	450	390
Newsprint.....	424	423	239	122	67	95
Other paper and board.....	730	706	440	72	79	48
Raw cotton ³	608	552	633	364	526	440
Sheep's and lambs' wool ³	272	314	449	147	184	119
Jute ³	162	142	200	55	108	104
Bauxite.....	224	302	112	87	48	244
Aluminum.....	29	58	66	138	136	212
Unwrought copper ³	262	307	474	451	441	494
Rubber (crude and synthetic).....	83	65	203	173	65	78
Tobacco.....	127	95	63	96	118	156

¹ Average ferrous content 50 to 60 percent.

² Blooms, billets, slabs, sheet bars, and tin-plate bars.

³ Retained imports.

Mr. LUCAS. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. The Senator has painted a very gloomy picture about the future of England, and, I presume, from what he has said, that his opinion is that whatever we do in the way of granting a loan to England will be of no help to her whatsoever.

Mr. ELLENDER. I will not say that the proposed loan will not be of any help whatsoever to the United Kingdom, but it is going to be a mere shot in the arm. In other words, I can visualize that in the near future this money will be absorbed by the British in order to maintain her population in the British Isles. In other words, the money will be used

to replace revenues which she formerly received from shipping and from the profits she derived from various ventures throughout the world. I cannot foresee that those ventures, from which she derived so much in the way of funds with which to maintain herself in the past, will be sufficiently great in the future to maintain her. I really do not see any hope for her to maintain her economy.

Mr. LUCAS. That is what I gleaned from the expressions of the Senator, that irrespective of what this country or any other country can do for England, she is doomed, according to the Senator's argument.

Mr. ELLENDER. In the course of my remarks I expect to make some suggestions as to what should be done by way of assisting her.

Mr. LUCAS. I hope the Senator will do that.

Mr. ELLENDER. The Senator may not agree with me, but I believe that Great Britain is today dependent almost entirely on manufacturing.

Mr. LUCAS. I understand that argument; and she always has been dependent on manufacturing.

Mr. ELLENDER. She always has been, and she was able in the past, in a measure, to control importations from some of her colonies so as to aid her. She was also able to control the sale of goods exported to her colonies.

In the past, as I shall show as my next item, Great Britain has followed certain policies, and she is now following certain policies in India and in Burma which will bring all the manufacturing establishments there under her control, so that she can in a measure maintain control of the manufacturing of raw products in those two countries. But the time is soon coming when she will not be able to retain those controls, and the moment that happens, necessarily there will be a decline in the exports she sells, and naturally she will be bound to reduce her imports, because she will not have the money with which to pay for them.

Mr. LUCAS. Will the Senator yield for another question?

Mr. ELLENDER. I yield.

Mr. LUCAS. The Senator is now speaking upon what seems to me to be a very important phase of the question of the British loan. I take it the Senator from Louisiana is tremendously interested in seeing England go on rather than fall, is he not?

Mr. ELLENDER. Oh, yes, certainly; but I do not want England to drag us down with her. That is one thing I am against, and I am offering suggestions, during the course of my remarks, which I believe, if followed, will help. But I want to be frank in saying to the Senator that I do not really think that Great Britain can maintain her present economy and successfully take care of the population now in the British Isles. There is bound to be a migration, as it were, of quite a few British subjects, let us say to South Africa, to Canada, to Australia. In that way the British Empire can be maintained.

Mr. LUCAS. I thoroughly appreciate and understand the argument being

made by the Senator from Louisiana, and I know how sincere he is in presenting it; but I wish to say to the Senator from Louisiana that what I am afraid of is that England, because of her economic troubles, may become a weak and a vacillating nation. I, for one, as a Member of the United States Senate and a citizen of this country, want to see a strong England. I would always regret any vote that might be a contributing factor in making England a communistic nation. If England should go communistic, members of her Empire, except Canada and Australia, might also go communistic.

Mr. ELLENDER. England can never go communistic, because she is too dependent on the outside for sustenance. In other words, there is too little of everything in the way of resources to interest Communists.

Mr. LUCAS. The Senator makes an argument in my favor, as I see it, when he says the English are dependent upon the outside for sustenance. If they do not get the sustenance, they will abandon the system they now have. They have already gone from one system of government to another, and one of the reasons I am going to support the British loan is that I fear the people of England, under certain stringent economic conditions might move further to the left.

For America's sake, I want to see a strong England, I want to see the pound remain strong, and I want to see the dollar remain strong. If they do, in my humble judgment we can have, in both this country and England, a stabilized economy, which the Senator fears England may not have. Just as surely as I stand here, once the pound goes to smithereens, once the economy about which the Senator is speaking becomes unstabilized, and once England cannot maintain her present position in world affairs, she will become a weak nation, a vacillating nation, a nation in extreme distress, and in the end may become a fourth- or fifth-rate nation.

England is our friend, and has been for the last 100 years, and I, for one, want to see her remain strong, from the standpoint of the future security of this Nation. I am attempting now to look 20 years ahead.

I have said all I care to say, and I rose only because the Senator was expressing the opinion that England, because she could not maintain her present economy, was gradually reaching the point where she would lose everything. I submit if that condition should come to pass America, in my opinion, would also sustain a serious economic and political loss.

Mr. McMAHON. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield for a question.

Mr. McMAHON. I should like to ask the Senator from Illinois what he thinks the effect would be on the Continent of Europe if England went down, and whether he thinks that the countries on the Continent of Europe would go into the orbit of another power.

Mr. LUCAS. I do not know what world power England might join, but in my humble opinion if England should go

communistic, then every other country in Europe would eventually go communistic; every country in Asia would also go communistic, and in the final analysis America would be standing alone, so far as our type and kind of government is concerned. To me, Mr. President, that is more important, in connection with the debate, than any other single point that can be made. I realize that two and a half or three billion dollars is a lot of money, but we were spending at the rate of \$50,000,000 a day the last part of the war, and another 50 days of war would have meant that we would have spent another two and a half or three billion dollars. Yet we argue here for 2 or 3 weeks about that amount of money, when in my opinion the future security of the United States is virtually as much involved in this loan to England as it was in England's success in the war.

For whatever it is worth, Mr. President, that is the opinion of the Senator from Illinois.

Mr. ELLENDER. I certainly am very sorry to note that the distinguished Senator from Illinois has so little confidence in the United Nations Organization, because, after all, that is what he is insinuating.

Mr. LUCAS. I did not say anything of the kind. I beg to disagree with my able friend. I never mentioned the United Nations. The United Nations does not control the form of government in any country. Every country is entitled to its own form of government.

Mr. ELLENDER. That is correct.

Mr. LUCAS. What I am doing is indulging in a bit of speculation upon what I think may or may not happen in the future, and upon that speculation of mine, or that conjecture, I am further fortified in my position upon this loan.

Mr. ELLENDER. Mr. President, so far as I am concerned I do not fear that the British are simply going to fade out of the picture.

Mr. LUCAS. The Senator has been making that kind of an argument.

Mr. ELLENDER. No, Mr. President, I have not.

Mr. LUCAS. Then I certainly have misunderstood my friend from Louisiana.

Mr. ELLENDER. The suggestions I intend to make during the course of my remarks will, I believe, point out a way by which the British can still maintain themselves. But I do not believe that it is fair for the British to expect us to dig down deeper into our Treasury when today our national debt is \$145,000,000,000 more than the combined debt of the British Isles and all of the British Commonwealths. I wish someone would tell me what is the yardstick by which a country's ability to lend money to other countries is to be judged. What if our economy should go to pieces, I ask the Senator from Illinois? We might have communism here. I want a strong government to dominate our Nation and maintain our precious freedom.

Mr. LUCAS. I will answer the Senator, if he will permit me to do so. The Senator raised the question.

Mr. ELLENDER. No; the Senator from Illinois did.

Mr. LUCAS. The Senator from Louisiana asked me a question about our own economy. Of course, our own economy is always subject to ups and downs. There is nothing infallible in this world, not even the American economy. And the British economy is certainly very unstable, according to the Senator's own argument. But in my humble judgment, looking over a period of years, if the British economic system becomes unstable, it will have its indirect reflection upon the economic system of America. However, we are not going to fall. Of course, we believe we can maintain our economic level, even with our large debt. But we need everything that England can give us over a period of years from the standpoint of trade, and she cannot trade unless we give her this kind of a loan. That is a moral and legal certainty if the men who understand the finances of the world are telling the truth about this situation, and I have to rely upon the witnesses who appeared before the Committee on Banking and Currency for my information about a proposition of this character. The economy of America, which the Senator tells me may fall, will not be helped in any degree if we do not help England in this crisis.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I wanted to comment on what the distinguished Senator from Illinois said about the picture that the Senator from Louisiana has painted. The Senator from Illinois referred to it as a very gloomy picture of what was going to happen. If I understand the Senator from Illinois the picture that he gives us is so much more gloomy, that there is no comparison between them. If I understand him correctly he says that if we do not make this loan England may go communistic, and if we do not make the loan it will very adversely affect our own economy.

Mr. President, if the Senator from Illinois is correct, that the future of England, both politically and economically, and the future of this country as well, are dependent on a loan of \$3,750,000,000, then God help both nations. I cannot believe, Mr. President, that either England or the United States is going to pass out of the picture, either politically or economically, simply because this loan is made or not made.

When the Senator from Illinois says what we can expect from England if we make this loan in the way of additional trade, and what we must expect from her, all he has to do is to analyze what England has to do in order to pay back the loan. As I pointed out a while ago when the Senator from Illinois was not present, England's exports must increase from \$478,000,000 sterling, which was the average in the 1936-38 period, to \$800,000,000 in 1952. Her shipping must improve and increase, Mr. President, from \$105,000,000 in the average period of 1936 to 1938, to \$165,000,000 in 1952, if England repays the loan. Where is the increase in shipping from \$105,000,000 in the 1936-38 period to \$165,000,000 in 1952 going to come from?

Mr. President, it seems to me that we are overdrawing the picture when we say that England goes communistic if we do not make this loan and when we ask what is going to happen here if we do not make a loan of \$3,750,000,000 to England. Mr. President, the important question from a political standpoint and the important question from an economic standpoint is what will happen to the stability of our own country. If we can keep adding at the rate of billions and billions of dollars to the national debt, how long is our dollar going to remain stable? And if the United States dollar fails, then I hate to think of what will happen to the economy of the whole world.

Mr. ELLENDER. That is what I tried to say to the distinguished Senator from Illinois, and I am glad the Senator from Utah has so well re-expressed it.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. It is a strange thing how at times Senators misunderstand one another on this floor. My good friend from Utah put a lot of words in my mouth which I must refuse to acknowledge as mine.

Mr. MURDOCK. If the Senator will yield to me, I will say to him—

Mr. LUCAS. No, Mr. President; I wish to finish my statement, and I will ask the Senator from Utah to sit down until I have done so.

Mr. MURDOCK. I think the Senator from Illinois will have to remove from the RECORD as well as from his mouth what he has said or he will find my statement correct in substance. Of course, the Senator has the privilege of correcting or modifying a statement and I have no objection to his doing so. I certainly would not intentionally misconstrue his statement.

Mr. LUCAS. No; I am not going to yield to my friend until I complete my statement. The able Senator from Utah said that I said if we do not make this loan, England was going communistic, and he said that I said that if we do not make the loan the economy of this Government is going to pot, or words to that effect.

Mr. President, I am going to correct the Senator from Utah and correct the RECORD, because the Senator from Utah said he is not going to correct it. He told me that.

What I did say was—and I shall repeat it, so my good friend, I hope, will understand it this time—that in my humble opinion, if this loan is not made, and as the result of the unstabilized economy that the Senator from Louisiana is talking about which exists in England at the present time and which is going to grow worse, according to his own argument, we will have in England, as I said before, a weak and vacillating and a distressed nation. If she ever reaches that point she will have a great opportunity to change her form of government again, and if she does I say that the next change will be to the communistic form of government.

Now I am making that kind of speculation here. That is my honest belief about the matter. I hope I am wrong.

That is my opinion. I also said that, in my humble judgment, in the event the loan is not made, it will have a serious effect upon our own trade and our own economy. But so far as destroying our economy is concerned, I do not think it will result in that.

Mr. ELLENDER. As I pointed out to the Senate on several occasions this afternoon, there is no question in my mind that by continuing to encroach on our own Treasury by increasing our debt we may reach the point—

Mr. LUCAS. Oh, I agree with the Senator on that point, but supposing the war had lasted another 40 days? We would not be here talking about a national debt. No one thought the war would end when it did. That is the point I am making about the matter at the present time. I undertake to say that during this rehabilitation and reconstruction period in America we cannot follow the National Manufacturers Association on a question of economy. We cannot be niggardly at this hour in making appropriations to reconstruct and rehabilitate during the next year or year and a half, and a billion dollars or \$3,000,000,000 mean little or nothing so far as the future of America is concerned when we think of the debt we have at the present time. If this loan will help or aid in the reconstruction of our country in the most difficult and trying period it has ever experienced, I shall support it. I honestly believe it will. If I thought it would bankrupt the Government, if I thought for a moment that it would destroy our economy, as some have indicated that it will because of the loan of a three and three-fourths billion dollars, of course I would not be for the loan. But I do not think it will, and neither does the Senator from Louisiana.

Mr. ELLENDER. Some of us think that this is only a starter; and that after this is used and no results are obtained, they are coming back for more.

Mr. LUCAS. I have heard that argument before.

Mr. ELLENDER. There is no question about it in my mind.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I should like to invite the Senator's attention to this point: Some Senators keep saying that \$1,000,000,000, \$2,000,000,000, or \$3,750,000,000 does not mean anything, and they frequently refer back to the cost of the war, as if the fact that we were spending gigantically in the war would make it impossible to injure the economy of this country by continuing the same kind of spending in peacetime. Of course, if the war had continued we would have kept spending at a sufficient tempo in order to win. But my position is that, having won the war, it might pay us to sit back for a few months and take note of what the entire expenditures were. In figuring this loan we must also have in mind that we have pledged to the International Monetary Fund \$2,750,000,000. Of course, according to some Senators we would have spent that in a short time if the war had continued, so it was all right to commit this country to that,

I voted for it but not on that basis, but because I was assured by the experts that it would go far in world monetary stability.

Mr. LUCAS. Why?

Mr. MURDOCK. Because I thought that this Government should go into an international organization.

Mr. LUCAS. Mr. President—

Mr. MURDOCK. Just a moment. The Senator is rather cagey about yielding. I want him to wait for me. He has asked a question.

I voted to create a great International Monetary Fund. Why? Because it involved the cooperation of all nations, in that they were all coming into the project on a basis of equality. We were given to understand by the same experts that that was what we needed to stabilize the exchanges of the world.

In the International Bank we pledged ourselves to another \$3,175,000,000. According to the argument which is always made in referring to the war, that amount would have been spent in a month or so if the war had continued, and hence there is no reason not to pour out money in peacetime. I voted for the International Bank commitment, but not because we had spent tremendously in the war; but because I concluded it was sound international policy. All nations contributing according to their wealth, resources, and ability.

There is \$2,750,000,000 in the International Monetary Fund, \$3,175,000,000 in the International Bank, \$3,500,000,000 in the Export-Import Bank. That is a total of \$9,425,000,000.

Mr. LUCAS. Mr. President, will the Senator yield for one observation?

Mr. ELLENDER. I yield.

Mr. LUCAS. I am very seriously distressed to find my friend from Utah making such a strong argument about economy, in view of his past record in the United States Senate.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. STEWART. Let me say in behalf of the Senator from Utah that there is a limit to everything, and I think he sees it. I believe that as we approach a debt of \$300,000,000,000 it is time for someone to begin thinking about economy.

The Senator from Utah referred to the International Bank, and the Senator from Illinois questioned him about it. The Senator from Utah mentioned the amount which we have pledged ourselves to subscribe in support of that institution. I take it that both Senators were referring to the Bretton Woods agreement, to which I understand Great Britain committed herself to the extent of approximately \$2,500,000,000.

Mr. MURDOCK. In the case of the International Monetary Fund we have committed ourselves.

Mr. STEWART. To what extent did Britain commit herself?

Mr. MURDOCK. I have not the figure.

Mr. ELLENDER. \$1,300,000,000 for each proposal.

Mr. STEWART. I understand that now Great Britain says that she will be unable to redeem her promise or sub-

scription unless we lend her this money. I ask the Senator from Louisiana if that is not true.

Mr. ELLENDER. That is my understanding.

Mr. STEWART. Then she will breach the Bretton Woods agreement if we do not lend her this money.

Mr. ELLENDER. Not only that; but she will breach the Atlantic Charter, as was pointed out by the distinguished Senator from Utah.

Mr. STEWART. The Senator from Illinois [Mr. LUCAS] has left the Chamber. In my opinion the Senator from Louisiana has very well said that this loan is probably only an opening wedge. It amounts to practically \$4,000,000,000. Whether Britain requires more money or not, we shall be obligated, certainly, to make loans to other nations, or we shall make more enemies than this country has ever known in the past.

As was pointed out in the debate several days ago—I believe the junior Senator from Florida [Mr. PEPPER] referred to it—if we lend this money to England we shall have to lend a like sum, or perhaps even a larger sum, to Russia. Likewise, we shall have to make a loan to France. China, of course, contends that she has first claim on us. We shall certainly have to lend money to China. The next thing we know, we may even be lending money to Japan.

As I have previously stated, we certainly will be obligated to our neighbors to the south of us, the countries in South America to whom the international bankers loaned money at high rates of interest a quarter of a century or more ago. So there will be no end to it. We speak of danger to our economy. I believe that the danger lies more in that direction than elsewhere. We shall become obligated to lend money to other countries if we make this loan.

One further observation, and then I shall be through. Does the Senator from Louisiana believe that it would be sound to make an arrangement with Great Britain to furnish her things which she needs, such as cotton? We might give Great Britain a million bales of cotton if she needs it. We might furnish other commodities. But there is no assurance, if we lend her this money, that she will spend a dime with us. I debated that question the other day—somewhat to my surprise—with the junior Senator from Arkansas [Mr. FULBRIGHT]. He interrogated me while I was reading into the RECORD the editorial by Mr. Jesse Jones, and we discussed that feature of the problem. As I understand, there is no obligation on the part of the British to purchase anything at all from America.

Mr. ELLENDER. No amount is specified in the agreement. The Senator is correct.

Mr. STEWART. To return to the question which I was asking, would the Senator be willing to enter into some kind of an arrangement whereby we might furnish certain needed commodities to Great Britain, instead of lending her money?

Mr. ELLENDER. That is one of my proposed remedies, which I expect to discuss in the course of my remarks.

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. In connection with the statement of the Senator from Tennessee that if we make this loan we shall be obligated to lend Russia this much or more, I think it should be pointed out that, notwithstanding newspaper reports to the contrary, which have been more or less speculative for months, Russia asked for a loan of only \$1,000,000,000, and that loan has not yet reached the point of actual negotiations. Russia filed an application some time last year, which became lost, it seems, in the State Department. It got there by mistake. The application should have been referred to the Export-Import Bank.

Mr. STEWART. Perhaps the Russians also made a mistake as to the amount.

Mr. BARKLEY. All that was requested in that application was \$1,000,000,000. The measure before us provides for a loan of \$3,750,000,000. If we make loans to other countries through the Export-Import Bank, as is contemplated, the total amount of all such loans cannot exceed \$3,250,000,000 because that is all the Export-Import Bank is asking for. It now has a lending capacity of approximately \$2,000,000,000, and it will ask for another one and one-fourth billion. That will be the sum total of all the loans which will be available for the fiscal year ending June 30, 1947. So it is not accurate to say that if we make this loan we shall be obligated to lend any other country three and three-fourths billion dollars, or any other sum, because all such loans stand on their own merits. They are not in any way tied in with this loan. The fact that we make this loan, under the circumstances which surround it, does not obligate us to make a loan of a single dollar to any other country in the world. I do not believe that the record should contain the undisputed statement that if we make this loan we shall be required to make similar loans, or any other loans, to other countries.

Mr. ELLENDER. Mr. President, I do not like to differ with the distinguished majority leader; but we are being asked to make a loan which is outside the orbit of the methods which the Congress agreed upon, just a few months ago, in connection with the Bretton Woods proposals for the establishment of an international bank and an equalizing fund; and also outside the purview of the Export-Import Bank. As I stated to the distinguished Senator from Arkansas [Mr. FULBRIGHT] earlier in the afternoon, few of us were acquainted with the fact that our Government would be asked to lend money under the conditions proposed in the pending measure. When I voted for the Bretton Woods agreements I thought that the International Bank, together with the Export-Import Bank, whose lending authority we increased some months ago up to \$3,500,000,000, would be the instrumentalities through which we would lend to foreign countries such amounts as they required.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. If the Senator will recall the debate when the Bretton Woods proposal was before the Senate, he will remember that it was thoroughly understood—and was so stated—that the capital of the International Bank for Reconstruction and Development was not to be loaned for purposes involved in the particular loan which is now pending, and it was stated on the floor of the Senate and in the House of Representatives when the Bretton Woods agreement was under debate that in all likelihood Great Britain would ask for a loan for an entirely different purpose from that which was contemplated in establishing the capital of the International Bank. The Bretton Woods agreement specifically provides that that money shall be loaned for specific projects, and not to cover the purposes contemplated in the pending loan at all. There were many Members of the House and Senate who objected. Some voted against the Bretton Woods agreement on the ground that a loan would be requested by Great Britain to cover an entirely different situation. No one denied that, although application had not been made and negotiation had not then been entered into. But it was contemplated that there would be such an application and that there would be such a loan.

I will say to the Senator that the funds available to be loaned by the International Bank are not for the purposes contemplated in the pending loan. They cannot be made for such purposes, and if they could be, it would take nearly half of the entire capital of the International Bank to make this loan.

Mr. ELLENDER. I should prefer to increase the capital stock of the Export-Import Bank and then add to the capital stock of the International Bank, so that all nations could be treated in like manner. Just as surely as we loan Great Britain \$3,750,000,000 under the terms of the pending agreement, other nations will make application for loans and similar conditions; and if we refuse to grant loans to them, we shall simply make enemies that may trouble us in the future.

Mr. BARKLEY. Mr. President, as I have said before, every loan stands on its own merits. There is no other situation that is similar to this one. There is no other country which is involved in the same economic and industrial trade situation which confronts Great Britain—not another country in the world. The basis for a loan to Russia or to France is different.

Mr. ELLENDER. Mr. President, France is now crying aloud for a loan. She first asked for \$6,000,000,000, and she is now down to \$4,000,000,000, and she might do with \$2,000,000,000.

Mr. BARKLEY. Let me say that France has no application for \$6,000,000,000 and she has no application for \$4,000,000,000 and she has no application for \$2,000,000,000. She has not made application for even \$1,000,000,000.

Mr. ELLENDER. What was Leon Blum doing here?

Mr. BARKLEY. Leon Blum was not here in the past. He is here now, laying before the American Government the needs of the French Government. But

he has not made any request for a definite amount of loan. I have no authority to say what they finally will agree upon, but I think I am reasonably correct in saying that it will be neither \$6,000,000,000 nor \$4,000,000,000 nor \$2,000,000,000.

Mr. ELLENDER. At any rate, it will be a very sizable sum, and I venture to say that it will not be under the same terms and conditions which are contained in the agreement covered by the pending joint resolution.

Mr. BARKLEY. Of course, there is no need for the same terms. France will not be required to unloose the intricate bloc system which binds England. No such system exists as to France. Therefore he cannot be required to undo something which does not exist.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. STEWART. I venture the assertion that if we lend this money to England every other country on the globe will be making applications for loans from the United States.

I should like to ask the Senator from Kentucky what he meant by the statement the other day that if other countries desire loans they can make application through the regular channels. Was the Senator from Kentucky referring to the Bretton Woods agreement or the International Bank?

Mr. BARKLEY. I do not recall that I used those words.

Mr. STEWART. The Senator said that in substance.

Mr. BARKLEY. No. What I said was that this is the only loan that it is contemplated will come before the Congress for approval, and that the other loans will be made through the Export-Import Bank. I do not know whether I used the words "regular channels." At any rate, it is contemplated that other loans, if any, will be made through the Export-Import Bank. A small loan of \$100,000,000, I think, was recently made to Poland through the Export-Import Bank; and the negotiations which are being carried on now by Mr. Blum and his assistants are with the Export-Import Bank.

Mr. STEWART. Is it not true that England has stock in that bank?

Mr. BARKLEY. No; I have no information that England has any stock in that bank.

Mr. STEWART. I mean England has agreed to take stock in it; has she not?

Mr. BARKLEY. Oh, no. The Senator cannot be serious in that suggestion.

Mr. STEWART. Of course, I refer to England's agreeing to take stock in the so-called International Bank.

Now I should like to interrogate the Senator from Kentucky further concerning the statement he made the other day that the other countries could pursue their applications through the regular channels if they desire to borrow money.

Mr. BARKLEY. I do not recall that I used the words "regular channels." But if I did use them, I meant they would make application through the Export-Import Bank for the purposes for which

the applications for loans are made. But if they wanted to obtain loans for the purposes stated in the International Bank for Reconstruction and Development, under the Bretton Woods agreement, they would have to make application through that bank, and they would be eligible to do so. Whether the Senator wishes to regard that as a regular channel is immaterial to me. I do not recall whether I used the words "regular channels"; but if I did—

Mr. STEWART. Let me refer to that again. I should like to ask the Senator about it.

Mr. BARKLEY. Very well. Suppose I did use those words. What of it? [Laughter.]

Mr. TAFT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. With reference to additional loans, I think it should be pointed out that the pending measure is to be followed by a request for another billion and a quarter dollars for the Export-Import Bank. Secretary Vinson so testified before the committee. He testified that of the \$3,500,000,000 of the Export-Import Bank, something over \$2,000,000,000 remains.

Mr. BARKLEY. Mr. President, if the Senator will permit me, let me state that the amount left is \$1,900,000,000, to be exact, and they so announced and so testified when they said that they would ask that the Congress grant them another \$1,225,000,000—which makes approximately \$3,250,000,000.

Mr. TAFT. Mr. President, with all due respect to the Senator, that is what I was saying. Whether the amount is exactly \$3,000,000,000 or \$2,900,000,000 does not make any difference.

Mr. BARKLEY. No; not to the Senator from Ohio. [Laughter.]

Mr. TAFT. Roughly speaking \$2,000,000,000 is left for use by the Export-Import Bank, and we are to be asked for another billion and a quarter dollars, which will amount to a total of \$3,250,000,000. And Secretary Wallace said he thought a larger sum should be loaned between now and the 1st of July, 1947.

So I think it is fair to say that the loan now requested is going to be followed by requests for additional money for other foreign nations. Whether the foreign nations are going to get the money through the Export-Import Bank or in some other way, I do not think is very important. It is true that this loan is only a part of a program which will involve at least another \$3,250,000,000, if we follow the recommendations of the administration.

Mr. BARKLEY. Mr. President, there cannot be any dispute about that. Nearly 2 weeks ago when this debate started and when I began with what I thought was a preliminary statement, I said that, in addition to this loan, the Export-Import Bank would ask for another \$1,250,000,000, which would give them \$3,250,000,000 as the outside limit beyond which they could not go between now and the 30th of June 1947, in making loans to foreign countries. If we wish to add that amount to the \$3,750,000,000 of the loan now under discussion, we get

\$8,000,000,000 as the outside sum which might be loaned to foreign countries in the next year and a half.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. I should like to make one correction. I take it that \$3,250,000,000 and \$3,750,000,000 make a total of \$7,000,000,000.

Mr. BARKLEY. The Senator from Arkansas, who was president of the University of Arkansas, undoubtedly is a better mathematician than I am; and he is correct, and I was wrong when I said the total would be \$8,000,000,000.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. I merely suggest that evidently a billion dollars makes no difference to the Senator from Kentucky. [Laughter.]

Mr. BARKLEY. Mr. President, not only a billion dollars, but thirty cents makes a lot of difference to the Senator from Ohio. [Laughter.]

Mr. FULBRIGHT. Mr. President, I think one other correction should be made. I notice that the misplacement of the application of the Russians has been attributed to the Foreign Economic Administration, not to the State Department. The State Department is criticized a great deal on the floor of the Senate, and consequently I think we should give the State Department the benefit of the information which we now have, which is to the effect that the misplacement of the application of the Russians has been attributed to the FEA.

I should now like to ask a question of the Senator from Tennessee. He said there was agreement that none of the money is to be spent in the United States. However, since the agreement calls for dollars, where does he think the money would be spent, if not in the United States?

Mr. STEWART. Mr. President, I can quote the Senator from Arkansas, who told me the other day that the British would spend the money in the markets where they could purchase most cheaply what they desired.

Mr. FULBRIGHT. But did not the Senator from Arkansas say that the money must eventually wind up in the United States because this is the only country where dollars can be redeemed as dollars; and did not I also say that it is desired this way so that it will first open up channels of trade in other countries, and therefore not bring such an inflationary reaction in this country at this time? I stated that the other day.

Mr. STEWART. I think we agreed the other day that the expenditure of a great amount of money in the United States over a short period of time would add to the difficulties we are now experiencing, according to the experts.

Mr. FULBRIGHT. I do not regard it as a criticism of the loan that it does not require that all the money be spent at once in the United States. I think that is an advantage. But within 3 or 4 years it will come back to the United States—at a time when we shall need an increase in our markets.

Mr. STEWART. Perhaps it will and perhaps it will not.

Mr. FULBRIGHT. The money will eventually be spent here, will it not?

Mr. STEWART. The Senator from Arkansas said that Great Britain will spend this money in the markets wherever she can buy commodities the cheapest. However, in the long run he expects that the United States will benefit because of the exchange problem which is involved.

Mr. FULBRIGHT. I understood the Senator to leave the implication that this country will never receive any advantage from the loan.

Mr. STEWART. I have already placed in the RECORD an editorial which was written by one of the financial observers of the newspapers. In that editorial it was pointed out that if the loan is never repaid, this country will never receive any benefit from it. That editorial appears in the CONGRESSIONAL RECORD for April 17, 1946.

I may say that I have been trying to find a copy of the statement which was made by the Senator from Kentucky when I interrogated him a while ago with reference to what was meant by him in the use of the words "regular channels." A reference was made about going to the International Bank for the purpose of borrowing money. I understood that Great Britain had agreed to subscribe to the stock of the bank, and yet it is said that she will be unable to do so unless she receives from us the proposed loan. The statement has also been made that she could go to the Export-Import Bank and receive the funds.

Mr. FULBRIGHT. I understood the Senator from Kentucky to say that Great Britain expects to obtain money from the Export-Import Bank, but that he was also talking about other countries.

Mr. STEWART. Yes. The Senator said that those countries could obtain money through regular channels. Why not so with Great Britain?

Mr. FULBRIGHT. In the first place, the amount requested is very different from the loans which have been or may be requested by other countries. There are other factors to be taken into consideration. For example, France has no external debt whatever. France is not a large trading nation.

Mr. ELLENDER. France owes the United States approximately \$2,000,000,000 which she borrowed during World War I.

Mr. FULBRIGHT. The real trouble lies in the fact of the bloc sterling, which is an external debt to the United Kingdom. France is not in a comparable position at all.

Mr. STEWART. Did the Senator read the editorial which I had printed in the CONGRESSIONAL RECORD? It referred to the question of whether the loan would be helpful to our country in the event Great Britain did not repay it. The article was written by Mr. Leslie Gould for the Hearst newspapers.

Mr. FULBRIGHT. I know that the chairman of the board of one of the largest banks in the United States made a public statement in Chicago to the effect that the loan should be in the form of a

giant. He testified before our committee to that effect. He said that the loan would be worth while to this country if the money were to be given in the form of a grant. He stated that important advantages would result to this country even if the loan were never repaid. However, that is a purely academic question, and we are not arguing it. I believe that, in the absence of any great catastrophe, the loan will be repaid. As I said a moment ago, no one can guarantee that there will not be another war within 1, 2, or 20 years, and a war on the scale of World War II would have catastrophic results.

Mr. STEWART. With reference to the repayment of the proposed loan, the Senator does not base his prediction on the past performance of Great Britain, does he?

Mr. FULBRIGHT. I believe, on the whole, that Great Britain has performed better than the average nation has performed.

Mr. STEWART. I am not familiar with what the average nation has done, but I have not been advised that Great Britain made any substantial payments on the loan which she once obtained from us.

Mr. FULBRIGHT. Does the Senator not agree with what was said at the hearings with reference to what Great Britain repaid on the loan which she obtained from us?

Mr. STEWART. Yes; but I do not believe that the payments were very substantial.

Mr. FULBRIGHT. I believe the statement to which I referred can be found on page 251 of the committee hearings. It is most significant that the principal part of the loan was in connection with the war debt. The money was used to supply munitions and guns which the British used in fighting a common enemy. Exactly the same use was made of the lend-lease during World War II.

Mr. STEWART. It makes no difference, it was a loan. During World War II Britain received lend-lease in the amount of \$25,000,000,000 worth of goods and articles. I understand that we are not contending that any of it should be repaid.

Mr. FULBRIGHT. And why not, I ask the Senator?

Mr. STEWART. Because we thought that the material would be used in helping us.

Mr. FULBRIGHT. Yes, and does not the Senator believe that the money which was used during the First World War for a similar purpose should not be considered in the same way? Was its use not helpful to us also?

Mr. STEWART. Yes; but now we are dealing with a promise to repay, and that promise has not been redeemed. I do not believe that Great Britain can hide behind the screen of necessity, or anything of that kind, and undertake now to say that she should not be required to repay the money which she borrowed.

Mr. FULBRIGHT. Has the Senator read the statement to which I have referred, appearing on pages 251 and 252 of the record of the hearings? I believe

that the distinctions should be set forth in the Record.

Mr. STEWART. I do not care to read the statement. The Senator may read it if he desires. However, regardless of any explanation which may be offered, Great Britain made a promise to pay, and she has not made good on her promise.

Mr. FULBRIGHT. If we were to act on that basis, we would not loan any money whatever.

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. I merely wish to say that during World War I we made loans to 20 nations, and later I shall discuss the proportions of those loans which have been repaid. We made a loan to Great Britain of \$4,277,000,000. She paid back \$2,024,000,000 plus, which was 47.3 percent of the amount we loaned to her. We loaned to France \$3,404,000,000. She paid back \$486,000,000, or 14.3 percent of the amount which we had loaned her. With the exception of Liberia, Finland, and Cuba, Great Britain paid back a greater proportion of the amount which she borrowed from us than did any other nation in the world.

Mr. FULBRIGHT. According to the statement of the Chairman of the Board of Governors of the Federal Reserve Bank, \$600,000,000 was the total post-armistice loan that was made to Britain. The remainder of \$3,700,000,000 was used for the prosecution of the war, and a great part of that amount was advanced to France and other Allies for the purchase of munitions. It seems to me that we have now made the distinction between an advancement of money for arms and munitions in fighting a common enemy, and a loan for peacetime use.

Mr. BARKLEY. Three and one-half billion dollars of the money we loaned to Great Britain was loaned while the war was still being fought, and after we got into it. Only \$600,000,000 of that loan was made after the war had been brought to a conclusion.

Mr. FULBRIGHT. That is the point which I have been trying to make. A distinction should be made.

Mr. BARKLEY. If, during that war, we had made an arrangement similar to lend-lease, the arrangement which we had during World War II, we would not have regarded as a loan the \$3,500,000,000 which we loaned to Britain, because the President of the United States, in asking Congress to provide lend-lease, suggested, and Congress wrote it into the law, that he be allowed to make such arrangements with any country whose survival he regarded as essential to the survival of the United States. So, it was a defensive arrangement which he made.

Mr. FULBRIGHT. Is it not true that at the time of the funding of the debt it was tied in with the reparations from Germany and payments to France, and that when Germany defaulted in her reparations payments, it was impossible for England to make further payments to us?

Mr. BARKLEY. Yes; and it was pointed out that Great Britain kept up her payments until the moratorium took

place in, I believe, 1932. It will be remembered that President Hoover arranged for the declaration of a moratorium in the payments of reparations. Reparations payments were never resumed after the moratorium, and therefore the nations which had relied upon reparations to repay loans to us were unable to make their payments. Moreover, a world-wide depression took place, to which all nations contributed something, including our own. That situation made it impossible not only for England and France, but for other nations as well, to repay the loans which they had obtained from us.

Mr. HATCH. Mr. President, will the Senator yield? I wish to propound a question for my own information.

Mr. JOHNSON of Colorado. Mr. President, for several minutes I have been endeavoring to ask the Senator a question.

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. As long as Germany continued to pay Great Britain anything, she passed on the payments to the United States. If we go into some of the history with relation to why Germany was enabled to continue paying, I believe that we will find that we were making loans to Germany, that Germany was making payments to England, and that England was making payments to us.

Mr. BARKLEY. Mr. President, there is a great deal of basis for the statement of the Senator from Colorado, but it does not alter the fact that when England ceased to receive reparations, no matter how circuitous the route was by which she had received them, she was no longer able to make payments on the debt which she owed to us. That situation was true with reference to other countries which had borrowed money from the United States.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HATCH. Is it not true that the suggestion of a moratorium originated with us?

Mr. BARKLEY. Yes. As I stated the other day, I was at my home in Kentucky. I received a telegram, as did other Members of Congress, because Congress was not then in session. President Hoover telegraphed me and asked whether I would approve cooperation on his part with representatives of other nations in foregoing the making of further reparations. I telegraphed him that I would approve. I assume that other Members of Congress did the same. At any rate, the moratorium was declared. It was initiated by our own Government, which had worked out through the Dawes and Young plans various arrangements by which it was believed that Germany could continue to make reparations.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. I wish to ask the able Senator from Kentucky if he agrees with me that, in the event we were to follow the line of argument which has been advanced by the junior Senator from Tennessee, we would not have been justified in voting for Bretton Woods. It has been pointed out that a nation has failed to repay money which we have loaned to her in the past. Under those circumstances, if the Senator believes that the same nation would fail to make repayment on a further loan, would he have been justified in voting for Bretton Woods or for any appropriation in connection with the Export-Import Bank?

Mr. BARKLEY. Of course, if we say that no nation that borrowed money from us after the last war and did not repay us should have a loan, we would eliminate practically every nation in Europe.

Mr. LUCAS. There would be no need for the Export-Import Bank and no need for the Bretton Woods agreements, would there?

Mr. BARKLEY. Not necessarily the Bretton Woods Agreement, because that is an international organization, to which all nations are expected to make a contribution, by payment toward the capital stock of the International Bank, and also the International Fund. It is not exactly like one nation itself making a loan to another nation. It would apply insofar as the Export-Import Bank is concerned, because that is a part of the Government of the United States, it is a Government agency of which the Government owns the stock.

Mr. STEWART. Mr. President, the Senator from Illinois said we could not afford to refuse to extend credit to a nation merely because it had in the past repudiated an obligation to us. We did that very thing in the passage of the Johnson Act, did we not?

Mr. BARKLEY. Yes; the Johnson Act prohibited the Government of the United States making loans to any country which had repudiated any debt to us; but it was repealed in the Bretton Woods Act itself.

Mr. STEWART. That is true, but we did pass such an act, and it was in existence for a while.

Mr. BARKLEY. We passed it, and found later that it was a handicap, just as the Embargo Act was a handicap.

In that connection I might say that after the last war we made a loan of \$159,000,000 to Poland, which was a new government set up as the result of World War I. There was no Polish Government up to that time, and had not been for a long time. Poland paid back \$22,000,000 of the \$159,000,000 loan. We have recently loaned Poland approximately \$100,000,000 through the Export-Import Bank.

I may say that after the last war Italy borrowed \$1,680,000,000, and paid back about \$100,000,000, which is only 6 percent plus of the total amount. I am not in a position to say that Italy will even apply for a loan now, or would be eligible for one, or would get a loan.

If we are to hold out to Great Britain the horrible fact that she fell down on

the repayment of her loan to us after the last war, I think we are entitled to consider that, with the exception of two other nations, she paid back a greater percentage of what she borrowed than any of the rest.

Mr. TAFT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. With reference to the fact that England has not repaid her loan, I think the figures should be explained. Most of what England paid was interest. At the time the loan was made we were paying $4\frac{1}{4}$ percent on our bonds, and we asked the British to pay the same so that our taxpayers would not have to stand the difference. Of a total of in excess of \$4,000,000,000, England paid only \$400,000,000, or approximately 10 percent.

I do not think that is an argument against making a loan to Great Britain, and I certainly did not so use the fact, but certainly when it is claimed that this loan is to be repaid, which is the claim of the Government, the claim of the Secretary of the Treasury, and the claim of the advocates of the loan, we have a right to look to see whether the British paid back the last loan we made them; and they did not. So that it seems to me a perfectly legitimate argument to say that what we are in effect asked to do is, in substance, to make a gift. It is admitted not to be a commercial loan. It is one which, in my opinion, is unlikely to be repaid, taking in connection with all the other foreign lending we are doing, at least, and I think that is a perfectly legitimate argument. Of course, it is not an absolute argument against making a loan to a given country to show that it did not repay the last loan made. Perhaps we should make the British a gift. There is a better argument for making them a gift than for making them a loan.

Mr. BARKLEY. It is true that of the amount repaid not only by England, but by the other governments, part of the payment was interest. That is true of England, and is true of the rest of them. The total amount of money we loaned to countries after the last war was \$10,350,000,000. We collected \$2,751,000,000, and \$2,024,000,000 of that was paid by England.

Mr. ELLENDER. I understood the Senator to say a while ago that we loaned the British \$4,200,000,000.

Mr. BARKLEY. Four billion two hundred and seventy-seven million dollars.

Mr. ELLENDER. And that they paid back some forty-odd percent of that. That is at variance with what the Senator from Ohio just stated.

Mr. BARKLEY. The greater percentage of the amount England paid back was compared with other loans we made.

Mr. ELLENDER. How much did she pay back on the principal?

Mr. BARKLEY. Of the \$2,024,000,000 she paid back of the total amount, I think the amount paid on the principal was about \$600,000,000. The larger part of it was interest, but the same has been true of all the other countries, because they were paying a high rate of interest at the time. What I am speaking of is

that of the actual dollars we loaned England she paid back to us \$2,024,000,000, and part of the payment was interest.

Mr. TAFT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. I notice that when I go to a bank to borrow \$10,000 I get no credit when I pay the interest. The only credit one gets after he borrows money is on payments on principal. It will be found on page 79 of the record submitted by Secretary Vinson that England paid on the principal \$434,181,641.76, approximately 10 percent of the loan originally made.

Mr. BARKLEY. I am surprised to have the Senator from Ohio admit that he ever has to borrow \$10,000 or any other sum from a bank. [Laughter.]

Mr. LUCAS. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. How much has Congress voted for the Export-Import Bank up to the present?

Mr. ELLENDER. Three and a half billion dollars, in the way of capital stock.

Mr. LUCAS. We have given those who operate the Export-Import Bank the authority to lend that money to any government, have we not?

Mr. ELLENDER. That is correct, but those loans have to be secured, and the proceeds are to be used in order to develop our foreign trade. Those are two of the requisites.

Mr. LUCAS. I was trying to ascertain from the Senator from Louisiana just what we wrote into the law with respect to the terms of security, if we wrote anything at all, when we made the appropriation for the Export-Import Bank.

Mr. ELLENDER. As I understand, the Export-Import Bank has a capital of three and one-half billion dollars at present, and it has authority to lend money to foreign governments and foreign corporations; but the money that is loaned must be secured, and it must be used for the purpose of purchasing goods in this country.

Mr. LUCAS. I understand that, but is there any guaranty in any of these loans which we make through the Export-Import Bank that they will be repaid?

Mr. ELLENDER. Certainly. The borrower must give good security, acceptable to the Board in charge of the Bank, otherwise the loan is not made.

Mr. LUCAS. What kind of security does the Government of France, for instance, give, if it borrows a billion dollars from the Export-Import Bank?

Mr. ELLENDER. I do not know. That would be left to the bank directors. They are going to have to get some kind of securities. I may state to the Senator that tomorrow the British can borrow as much as a billion dollars up to a billion and a half dollars through the Export-Import Bank and give good security for it, but they do not desire to do that. They do not wish to use that money in buying goods in this country. They want to use borrowed funds in order to relieve a grave situation which faces them in their sterling-bloc area. That is what they want to use the money for.

Mr. LUCAS. I asked the question merely because of what the able Senator from Kentucky said a moment ago with respect to foreign countries defaulting in their loans made following the last war. I understand that all those loans during World War I drew a certain rate of interest. I understand that our Government at that time was just as prudent and careful in attempting to get security as it is now. But I undertake to say that there is not anything that might not keep France or any other government from defaulting on a loan that is made through the Export-Import Bank.

Mr. ELLENDER. I may say to the Senator from Illinois that Congress has voted to make the United States a party to both the Bretton Woods proposals. We have provided funds in order to loan to various foreign countries and foreign corporations through the Export-Import Bank. Why not treat all nations alike? Why go outside the method which we provided in order to make these loans to any country?

Mr. LUCAS. There may be some basis for argument in favor of the position which the Senator has taken, but that is not the point I am now trying to make. The point I am trying to make is that we are now getting ready to loan, and have already loaned through the Export-Import Bank, money to countries which defaulted in their payment of an obligation during World War I, and I undertake to say that there is a possibility of those countries doing so again. But the Congress of the United States, and the Senate especially, with little or no debate, gave to the Export-Import Bank \$3,500,000,000 to loan to practically any country to which the Bank wants to loan. I will admit that it does so on better terms than we are obtaining for this loan.

Mr. ELLENDER. I may state to the Senator from Illinois at this point that the RECORD shows, as I recall, that since the Export-Import Bank was created there has not been a single solitary loss, and that the profit up to 5 or 6 months ago was \$46,000,000.

Mr. LUCAS. No one lost anything during this war. Everyone made money; even the Export-Import Bank.

Mr. ELLENDER. But the Export-Import Bank was created long before the war.

Mr. LUCAS. I understand. But that still does not disprove the point I am trying to make. If a government which owes this country one-half billion dollars falls overnight and goes into a chaotic economic condition, there is a chance that we are not going to get that money back. That is the point I am making. Yet the Congress, with little or no debate, authorized the Export-Import Bank to loan \$3,500,000,000 to any country on the face of the globe, while now the Senate debates for two and a half weeks a \$3,375,000,000 loan.

Mr. ELLENDER. Mr. President, I think it is good business for our Government to undertake to loan money to foreign governments and foreign corporations for the purpose of increasing our

foreign trade. All these loans, as I pointed out, must be secured, and the rate of interest is fixed commensurate with whatever is the prevailing rate. But here we are going outside the instrumentalities created by the Congress, to loan money to foreign governments. We are being asked to ratify an agreement for the loaning to Great Britain of \$3,753,000,000 without any kind of security. As has been pointed out during this debate, from past performances and from the financial condition in which the British Government finds itself today, I am willing to wager now that this loan will never be repaid.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HATCH. I merely wanted to ask the Senator from Louisiana a question. I am sure he is thoroughly familiar with the terms of the loans which are made by the Export-Import Bank, and he has repeatedly said that they are always made upon excellent security and that the money will be repaid. Will he please tell us the security given by Poland the other day for the \$90,000,000 loan made to her?

Mr. ELLENDER. I am not familiar with it, but tomorrow I will ascertain the facts about it.

Mr. BARKLEY. If the Senator from Louisiana will permit me to do so, I should like to read an excerpt from the law creating the Export-Import Bank. I read as follows from section 2, subsection (b):

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the board of directors, offer reasonable assurance of repayment.

Mr. HATCH. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. HATCH. I think we all understand perfectly that Poland gave practically no security for the loan. I am not critical of that.

Mr. BARKLEY. Probably Poland did not give the kind of security that a bank would expect, but Poland did give some kind of political security, that she would carry out certain policies with respect to the Government of Poland and the elections to be held there, which were contemplated in the Yalta and Potsdam agreements. The security was political and not financial in character.

Mr. ELLENDER. The record shows when we debated the question of increase in the capital stock of the Export-Import Bank that the bank had loaned hundreds of millions of dollars and so far as I know there were no defaults. On the contrary there was a considerable profit made from the venture.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I think we must distinguish between loans made by the Export Bank and the proposed loan. The Export-Import Bank was created

for the purpose of making commercial loans in the interest of our own export-import business.

Mr. ELLENDER. Yes.

Mr. MURDOCK. I should like to ask the Senator from Louisiana a question. I am interested in the suggestion made by the distinguished majority leader that the loan to Britain is a unique loan. It is argued that the circumstances surrounding it are so unique that England, or the United Kingdom, is entitled to unique treatment here in making this loan. Why are the circumstances surrounding the loan to the United Kingdom unique? They are unique because England has created a very unique situation in world trade.

It is unique in this respect: She has created, supposedly as a war measure and for the advantage of the United Kingdom, a sterling area. She has created—probably necessarily so—a sterling-dollar pool. Now having interfered with the free flow of world trade by creating this sterling area and by creating the sterling-dollar pool, the United Kingdom comes to the United States and says, "Because we have done this, because we have created this situation favorable to the British Nation or to the United Kingdom, because we have done this very thing, now we want a loan, and our position is unique because we have made it so. We want the loan. Why? We want the loan because this condition will remain unless you make the loan."

Of course, none of the other countries, Mr. President, have done such a thing. In my opinion, none of the other countries could have done it. But because the United Kingdom has created in world trade a unique situation consisting of the sterling area, where she tells members of the area, "You cannot purchase anything out of this area that you can purchase in it, and you cannot use your dollar holdings or your dollar exchange unless you obtain permission from the United Kingdom." Having brought about that unique situation she says, "You make a loan to us, or else."

I say it is unique, Mr. President, and I say it is so unique that it behooves the United States to look very critically at the uniqueness of the conditions surrounding it before we make the loan. I agree with the statement which the Senator has made several times this afternoon as to equality of treatment to all nations. If we believe in the United Nations Charter, if we believe in the equality throughout the world which the United Nations Charter is supposed to have brought about, or is supposed to bring about, then why should not every nation coming to the United States expect to be dealt with on an equality, and if we deal with one nation on a unique basis, then what is the answer to the others who have to come in, as the Senator from Tennessee has said, through the regular channels?

It is my opinion, Mr. President, that if we believe in the United Nations Charter as sincerely as we have said we do, then we should deal with every nation, large or small, on an equality and through the

same channels. Simply because one nation, whether through her strength or her weakness, has brought about a sterling area or a sterling dollar pool or any similar creature—that is no reason to depart from equality of treatment and to deal with one nation on more advantageous terms than we are willing to extend to the other nations.

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. The Senator from Utah is a member of the Committee on Banking and Currency. He was a diligent attendant at all the hearings on this loan before that committee. If he was not convinced by the testimony adduced before the committee, not simply of the uniqueness of the British situation but of the inevitability of and the necessity for it, nothing that I can say here would convince him.

Mr. MURDOCK. Will the Senator from Kentucky yield at that point?

Mr. BARKLEY. The Senator from Louisiana has the floor.

Mr. ELLENDER. I yield to the Senator from Utah.

Mr. MURDOCK. I was convinced beyond any doubt that the United Kingdom had brought about a very unique situation, and, because of that very fact, when I am told that a nation in her weakness can tie up the free flow of world trade, as the United Kingdom has, I am a little dubious about financing that nation until she has unqualifiedly agreed to renounce such a practice.

Mr. BARKLEY. Mr. President—

Mr. MURDOCK. My opinion, if I may make this further observation, is that we should say to Great Britain, "Do away with your sterling area, do away with your sterling-dollar pool, and then come in with a clean slate and ask us for a loan, and we will deal with you as we deal with all other nations."

Mr. BARKLEY. Mr. President, will the Senator from Louisiana yield? I do not like to take his time.

Mr. ELLENDER. I am very glad to yield.

Mr. BARKLEY. The Senator from Utah—I suppose not intentionally—might leave the impression that Great Britain brought about this situation capriciously, and snarled up the international situation, as he says. I do not believe that the word "snarled" is a fair word to use in that connection. Hitler had almost completed the domination of Europe. England was the only nation that stood between Hitler and the Western Hemisphere. Every morning as we read our newspapers before breakfast we did not know whether England herself had fallen, or might fall during the day. In that dire extremity she was required to freeze in the city of London all the deposits of the sterling area, which is an area which does business with England and keeps its deposits in London. She was required to do that in order to obtain the things with which to defend herself. To leave the impression that in that dire extremity, when she had to do what we or any other nation would have done if we were confronted with the same problem and could have done it,

she has snarled up the situation, and therefore comes here with unclean hands, to me does not seem to state the situation accurately. How can England come with clean hands, in the estimation of the Senator from Utah, if she must clear up the sterling area and pay off the debts of more than \$12,000,000,000 which she owes in the sterling area? How can she release and make sterling convertible into dollars? How can she make it possible for those other countries to buy goods in the United States when they do not have the dollars, and cannot convert their own currency into dollars? How can she do that unless she obtains the credit which we are seeking to accord her?

Mr. MURDOCK. Of course, it is an easy thing today to refer to Hitler. But Hitler is gone; and in my opinion he is gone largely as a result of what the United States of America has done, as well as what Great Britain has done.

Mr. BARKLEY. I do not detract in any way from what the United States did. We did a great deal, and what we did was decisive. But I do not forget that while Hitler is gone his works are still among us. The devilment and devastation which he wrought economically, physically, and morally are still with us as a world.

Mr. MURDOCK. That is true; but no nation under the sun suffered more in loss of actual wealth than did the Senator's Nation and mine—not in mere heaps of rubble which can be rebuilt, but in loss of actual wealth which is gone and can never be retrieved.

If the word "snarled" is too harsh a term, and it probably is and I will delete it from my remarks, let us say that Britain organized or controlled. At any rate, she created the sterling area, and she created the sterling-dollar pool. She said to those countries, "You cannot spend your dollars, and you cannot buy outside the area without the consent of London." I do not object to that in time of war; but now that the war is over and we have licked Hitler, and licked Japan decisively—and in my opinion no country played a bigger part than mine—England, which joined with us, under the Bretton Woods agreement, in creating an international monetary fund and an international bank, the big contributions to which are made by the United States of America, should not now come to us and say, "You must make this loan of \$3,750,000,000 or I will continue the sterling area and the sterling-dollar pool. If you do not do it I will withdraw from the monetary agreement, and I will withdraw from the International Bank." In other words, she says to us, "Make this loan or else." I do not like to deal on that basis.

Mr. BARKLEY. It was announced in the British Parliament that unless Great Britain could obtain this credit it could not complete its arrangements under the Bretton Woods agreement so far as the International Bank was concerned. It is not because of a threat. Britain is not holding a gun in our face. She says that financially and economically she cannot do it, because the money which she would otherwise have available to con-

tribute to the Bretton Woods program, either to the bank or the fund, must be used at least in part for the purposes for which she wishes to use this loan, or a portion of it. It is a question of economic necessity.

Great Britain does not desire to retain these handicaps upon trade. She did not build up her great world empire through empire preferences, sterling areas, or sterling-dollar pools. She built up her great empire, her great merchant marine, and her world-wide trade because she believed in and practiced world-wide multilateral commerce. She was forced to resort to such restrictions as instruments of war; and she is as anxious to get out from under them as we are to have her to.

Mr. MURDOCK. If she is anxious to get out from under them, I say that in the agreement which we have drawn, if we had attempted religiously and studiously to put in all the if's, and's, and but's we could think of, we could not have done a better job. Everything in the agreement to which the Senator refers has an if attached to it. If England finds, after the loan is made, that she can do certain things, all well and good; but if she does not find that she can do them, she does not agree to do them, except after consultation. The least she should have done in the agreement, if \$3,750,000,000 is the amount which she needs, was to make an unqualified commitment—and we should have insisted upon it—that if and when she gets this money she will do away with the sterling area, do away with the sterling-dollar pool, and join us in making it possible for world trade to flow freely. But we do not find such a commitment in the agreement.

Mr. BARKLEY. I suppose the Senator from Utah would agree that the release from these entanglements, as he has referred to them, cannot be brought about overnight. In the Bretton Woods agreements and in all the debate it was understood that Britain was to be given 5 years in which to fulfill her commitments. There was no more enthusiastic supporter of the Bretton Woods agreements, and no more valiant soldier in that cause, than the distinguished Senator from Utah. I appreciate the help which he rendered in the committee and on the floor of the Senate in helping to build up the arrangement under the Bretton Woods agreements. We all understood that without additional help Britain could not release those controls in less than 5 years. But in this agreement Great Britain is obligated to do it in 1 year. We cannot expect her to do it overnight. We cannot expect her to do it by the 4th of July. But she is expected to do it within 1 year.

Mr. MURDOCK. If—

Mr. BARKLEY. When I go to a bank and borrow money, giving my note, there is an understanding that I will pay it when it becomes due if I can. Otherwise, the note will be renewed.

Mr. MURDOCK. The Senator never has the word "if" written into the note.

Mr. BARKLEY. No; it is an understanding by word of mouth. In this case

it is written into the agreement in an open and aboveboard manner.

While I am on my feet, if the Senator from Louisiana will further yield—

Mr. ELLENDER. I am glad to yield.

Mr. BARKLEY. I apologize to the Senator for taking his time.

Something has been said about the expenditure of this money in the United States. I should like to read section 3 of the agreement, under the heading "Purpose of the line of credit":

3. Purpose of the line of credit: The purpose of the line of credit is to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional postwar deficits in its current balance of payments, to help the United Kingdom to maintain adequate reserves of gold and dollars, and to assist the Government of the United Kingdom to assume the obligations of multilateral trade, as defined in this and other agreements.

There are four objectives. The very first one is to enable the United Kingdom to pay for goods and services in the United States; and even where they use dollar credit to buy in other countries, those dollars will finally get back to the United States, because dollars will purchase commodities only in the United States, and nowhere else in the world, and they will finally get back here, even if indirectly, to purchase goods and services in the United States. So it is not fair to say that there is nothing in this agreement providing that Great Britain shall buy goods in the United States. It is not required that she shall spend every dollar in the United States. As has already been explained, if she were to do so, within a reasonably short period of time there might be legitimate objection to it as an inflationary influence. But every dollar which we lend to Great Britain, and which is not spent in the United States, but spent elsewhere, will find its way back into the United States to purchase goods and services in the United States, because the United States is the only place on earth where dollars will buy goods and services.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. I have been having some trouble in trying to arrive at a decision regarding this loan. I understand that it is strongly maintained that at the time we approved the Bretton Woods agreements and created the International Monetary Fund, it was understood that we were further to implement that action in order to promote our declared policy, which is referred to in the joint resolution. I quote from the joint resolution:

"Whereas in the Bretton Woods Agreements Act the Congress has declared it to be the policy of the United States "to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations."

I understand that because of that declared policy, as announced in the Bretton Woods agreement, we are now in pursuit of that policy by implementing it in this instance by granting this loan or making these monetary arrangements with Great Britain. I also understand that it must have been contemplated at the time that some similar arrangement or some other application would be made, in view of that announced policy, and I understand that we are now pursuing that policy with Great Britain.

We are told that we do not have to proceed in this way with other nations, but that they will be expected to go to the Export-Import Bank for loans.

I should like to look at the picture a little further and see how many loans we shall be asked to make. If we make this loan, I wonder whether we can absolutely depend that when other governments seek loans they will go to the Export-Import Bank or to some other source, and not come to this body and ask us for a direct loan in keeping with the policy announced in the Bretton Woods agreement.

Mr. President, was the policy announced in the Bretton Woods agreement solely a policy to accommodate the United Kingdom in the way that we are now asked to accommodate it, or was that policy one which applied to all the nations of the world alike? We should determine that matter. I do not wish to vote for this loan and then, in a month or two, find that some other country is asking us for a direct loan, and perhaps be told or given to understand that that will be the last loan which we shall be requested to make. In other words, I should like to determine whether we are going to be asked for more direct loans; and, if so, I should like to know what nations will ask for them and how much money we shall be asked to lend.

I should like to have a little appraisal of the ability of the United States to continue to make these direct loans. If we can be given absolute assurance or if there is any way by which we can determine with reasonable assurance that we shall not be asked for more direct loans, then we can pass on this one on its absolute merits, without taking into account what other nations will request from us.

In the present instance we are asked to make the loan because it is said to be unique. It is true that it may be unique in certain aspects. In considering the conditions which have been discussed here with reference to Britain's having snarled up the international trade situation—or whatever terms we may use to designate the sterling area and sterling-dollar pool arrangements which have been made—I think all of us must grant that Britain took that action as a matter of necessity because of conditions arising out of the war, and it seems to me that in a similar situation we probably would have done the same thing, and almost any other country would have done so. I do not regard that as something for which Britain should necessarily be criticized now, and I do not criticize her for it. She has found herself in this situation following a war which meant life or

death to her. She had to carry on that war to victory, and I am glad she did. I think we would like to help her in some way. I am not opposed to helping Britain in this situation. I should like to find some way to do it. But as we go along with making this loan or the next one, I should like to see the whole picture and to know how much we shall be asked to loan. I do not understand that the policy incorporated in the Bretton Woods agreement was established or written into it solely for the benefit of the United Kingdom and solely to cover the proposed loan which is now before us. It seems to me it is broad enough to cover loans to all other countries. I have no doubt in my own mind that other countries will apply for direct loans. It may be that they can justify the granting of direct loans, and we may be considering them at a later time.

At any rate as we go along I should like to ascertain whether this policy was written solely for the benefit of the United Kingdom and whether we can be assured that all other countries will request their loans from the Export-Import Bank. If they do, I think we shall have to increase the stock subscription of the Export-Import Bank from time to time; we shall have to increase its funds and authorizations. I think there is no doubt about that.

But I am trying to determine now, with reference to the pending issue, whether we can have assurance that the loan now under consideration is the only direct loan which we shall be asked to make. I should like to have the Senator enlighten me on that point.

Mr. ELLENDER. Mr. President, there is another question which enters into this situation. As was pointed out in the debate earlier this afternoon, we are making to Great Britain what has been termed a unique loan. The procedure used is outside the methods which we have employed in the past. As the Senator from Utah pointed out, in connection with determining whether we shall make a direct loan of this character to Great Britain—for instance, a loan which has no security at all, and with respect to which the interest payments can be forgiven under certain circumstances—we should also consider whether other nations may later request like treatment, and we must consider what the result would be if we were to refuse loans to them.

Mr. McCLELLAN. Mr. President, will the Senator further yield to me?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. I yield.

Mr. McCLELLAN. That is the point I am trying to have made plain. Certainly no other nation will request a loan for the same reasons for which Britain now requests one, because no other nation has created a sterling-dollar pool and a sterling bloc area. Britain is asking for a loan on that account, to help her get away from restrictions which she felt she had to place on exchange and trade during the war emergency. She feels that she needs this money to help

her get out from under those arrangements.

Of course, no other nation will ask for a loan for that reason. But other nations will present to us other reasons for loans to them—reasons which possibly will be just as important to them, and the reasons may make just as strong an appeal to us. That is what I am trying to determine. We are asked to grant this loan, as the Senator has said, in a way outside the regular channels, or, if desired, some other term may be used to describe the method. We are asked to grant such a loan to Great Britain, and I might be willing to support it. But I wish to know how we are to exclude other nations who may ask to come in the same door and who may seek to justify the making of a loan to them because of some reason other than the sterling bloc arrangement and the sterling dollar pool, which were the reasons used as justifications for the loan now under consideration.

I am not opposed to making loans to some other foreign governments; but I should much prefer to make them on a sound-banking-business basis. This loan, as everyone knows, is not on such a basis. I do not know that we can make them on such a basis. Perhaps we should be more liberal. I am not questioning that at the moment.

But I am asking how we can have assurance that we shall not be asked to grant the same consideration to other countries which may apply to us for loans.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. MAYBANK. Following the statement of the distinguished Senator from Arkansas, I wish to say that I am very glad that England has made the request in the way in which she has made it, and I am very glad that she has laid all the cards on the table. In that connection let me point out that the distinguished Senator from North Carolina [Mr. HOEY] who now is presiding over the Senate, was Governor of North Carolina in 1939 and 1940 when the question of the sterling bloc confronted us, and at that time it was my privilege to be the Governor of the State adjoining North Carolina on the south—South Carolina. At that time, because of the sterling bloc and because of the lack of money, the tobacco markets in the Carolinas were closed and were kept closed until tobacco moved up into Virginia and later on into Maryland. The thought I had in those days was that there was a restriction on finance which caused the tobacco in the Carolinas and Virginia and elsewhere to be purchased for the British Imperial Tobacco Co. and the other companies.

So I am happy that at this time we have the facts before us, and I am happy that England comes to us and says "Here are the conditions and the facts," so that we shall be able to grant relief in a direct way, rather than by means of Executive orders and other means of indirect action which have been used in the past.

Although I cannot answer the questions about future loans, I am certain

that the distinguished majority leader can do so.

I wish to state, however, that I am glad we shall vote on the question whether we are to lend England money or are not to lend England money, because no one remembers better than does the distinguished Senator who now is presiding over the Senate the extremes to which we were put in regard to tobacco and other products in the Southeast in 1939, when the Germans marched into Poland. So I am glad we are asked to take action on an up-and-up basis, and that we are not asked to handle this matter through the back door, through the Export-Import Bank, for example, or some other agency.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. I wish to comment on the inquiry made by the Senator from Arkansas, which I am sure he made in the utmost good faith and in his search of the truth.

Of course, the Export-Import Bank could make a loan to Great Britain or to the United Kingdom. It could not make a loan of \$3,750,000,000 to them. Under present conditions, with its present capital limitation, the Export-Import Bank could not make a loan of more than \$2,000,000,000 to the United Kingdom, and that would consume all of the remaining lending power of the Export-Import Bank, and then it would have nothing left to lend to any other country.

In the Bretton Woods agreements no distinction whatever is made with reference to advantages that nations shall have under the agreements. The reason why this loan is on a different basis is because it is for an amount beyond the lending capacity of the Export-Import Bank. It is extremely doubtful whether the Export-Import Bank could have required Great Britain to promise to relieve all the controls and restrictions upon trade in what is called the sterling area. Of the bank might have said, "We will not loan you the money." However, in the law itself there is no specific requirement of the kind suggested. The requirement is only that the loan shall be made under conditions of reasonable assurance of repayment. When that has been done the law has been complied with.

Another reason why the proposed loan to Great Britain is now before the Congress is its size, and the reciprocal agreements which are a part of it. The negotiators on both sides have felt that the matter should have the sanction of legislative approval. That meant that it would have to go before the British Parliament and the Congress of the United States. It has already been brought before the British Parliament and has been approved by it. So there is every reason why the loan should come to Congress for its approval and sanction. There is every reason for the terms of the agreement being approved by the Congress. The reason is much greater than if the loan were merely one to be made on the assumption that it contemplated a reasonable assurance of payment. However, the

mere fact that this loan comes to Congress for approval creates no different situation with respect to other loans, except that the conditions which surround this loan do not exist in connection with a loan which might be applied for by any other country in the world. There is no franc pool, there is no peso pool, and there is no ruble pool. There is no other pool, or area of frozen assets or deposits, in any other country in any way similar to the conditions which we are seeking to have removed from international trade. By reason of that fact we have agreed in this case to make a larger loan than that which will probably be made to any other country. We have exacted in return a promise on the part of Great Britain to relieve her controls and restrictions. It was felt that such an agreement should have the sanction of the respective legislative branches of the two governments, the United Kingdom and the United States.

Mr. McCLELLAN. I did not question the wisdom of the procedure. I am not questioning it now. I agree with what the able majority leader has said. I agree with what the distinguished Senator from South Carolina has said. We are glad to get the matter out into the open where we can debate it and discuss it. We want to know what we are doing, and why we are doing it. I have no complaints to make in that respect. I have no complaints to make in connection with the fact that the loan has been applied for as a direct loan. I am not now questioning the particular merits of the provisions of the loan. I concede the necessity of England in taking the action which she took during the war by creating the sterling pool. But the question which I am trying to determine is, How can the Senator from Kentucky, or anyone else, now give us assurances that we will not have any more requests for direct loans, or that we will not incur any obligation or implied obligation to other countries to make a direct loan if they apply for one?

Mr. BARKLEY. I can only refer the Senator to the hearings before the Banking and Currency Committee in which Mr. Vinson, Mr. Clayton, and Under Secretary of State Acheson all stated that it was not contemplated that any other loan would be submitted to the Congress for consideration, but that such loans as might be made, if any were made, would stand on their respective merits and would be made through the Export-Import Bank. However, there is no assurance, and none can be given, that other loans will not be made. As a matter of fact, we feel reasonably sure that other loans will be made. They will be of a much smaller denomination and under terms which will be different from the terms of the loan now before the Senate.

Mr. McCLELLAN. What I wish to be sure of is that it is not contemplated there will be made any more direct loans. We know that if a loan in an amount comparable to the loan now before us is asked for by some other nation, and it presents conditions which might appeal to us as justifying such a loan, we do not now have the facilities or authority for

accommodating such a request. I do not have any way of knowing how much other countries will ask for, but, according to some comments which I have heard, and statements which I have read, it is expected that France will ask for a pretty large loan.

Mr. BARKLEY. I believe I can assure the Senator that the reports in the newspapers in regard to the amount for which France will ask, have been grossly exaggerated. I do not believe that the amount will be one-quarter of what has been stated, although I have no authority for saying what might be discussed. However, I believe that I am within bounds when I say that in all likelihood the loan to France, if made, will not be one-quarter of the amount which has been stated in the newspapers.

Mr. McCLELLAN. I did not contemplate at the time of the discussion of the Bretton Woods agreements, and I do not know that any other Senator did, that we would now be considering a \$3,750,000,000 direct loan to Great Britain. I thought that we were setting up the machinery which would take care of such requests. When we voted on the Bretton Woods proposal I do not believe it was generally contemplated that we would later have before us the present request on the part of Great Britain for a loan. I should now like to be in position to see a little further ahead and not be confronted at some time in the future—months later—with another proposal to loan some other country a huge amount outside and beyond what we are now being asked to grant, and someone saying, in effect, "You must have contemplated, by lending money to Great Britain, that you would be asked to make a loan to some other nation."

Mr. BARKLEY. At the time we were considering the Bretton Woods agreements no one was in position to say that we would not be confronted with a request at some later date for a loan. However, it must have been known that, under the provisions of the International Bank, loans must be for specific projects of reconversion and development. The present loan is not for purposes of that kind. The international monetary fund was established for the purpose of stabilizing currencies throughout the world. I would not undertake to say that no other loan will be brought before the Congress for it to pass upon. I can only repeat what the Secretary of the Treasury stated in the report of the Economic Committee on International Monetary Problems which was made to the President of the United States. Reference in that report was made to this loan, and to the functions of the Bretton Woods Agreements. However, Mr. President, if this loan had been made through the Export-Import Bank, Congress would have been required to increase its appropriation to the bank by more than a billion dollars in order to increase the lending power of the bank. Even then the loan would have consumed all the lending power of the bank, and no other nation could have obtained a loan from it. I believe that no other loan will come before the Congress be-

cause the Secretary of the Treasury and the State Department have said that if the bank receives an additional billion and a quarter dollars, for which it will ask as an additional lending power, loans beyond that amount will not be made to other countries who may ask for them prior to June 30, 1947.

Mr. McCLELLAN. In other words, we are not contemplating being asked to increase the authority of the Export-Import Bank after 1947.

Mr. BARKLEY. No; we will not ask for any other increase beyond the billion and a quarter dollars we are talking about today for the purpose of making loans prior to June 30, 1947. At that time we hope conditions of the world will be improved to such an extent that no further loans will be requested.

Mr. McCLELLAN. I wish we could be certain of that.

Mr. BARKLEY. I think we can rely upon that being the situation, because I am quite satisfied that the Secretary of the Treasury, the Secretary of State, the Under Secretary of State, the Assistant Secretary of State, the Governor of the Federal Reserve Board, and all others who are directly interested in our financial set-up, would not have made the statements to the committee which they made unless they had felt reasonably assured that they would not be called upon to rescind or modify their statements within the period of time indicated.

Mr. McCLELLAN. Does the Senator say that at the time the Bretton Woods agreements were under discussion it was contemplated that it would be necessary later to render assistance to the United Kingdom? I do not recall having at any time seen any statement by the Secretary of the Treasury or any other financial agent of the Government to the effect that we would be called on later for an additional loan to Britain. I do not recall it. If anything occurred about that, I simply did not hear it.

Mr. BARKLEY. As a member of the committee, I know we discussed it. The fact is that some of those who opposed the Bretton Woods agreement at the time did so on the ground that, in addition to the provision for the stabilization of all currencies under the international fund, and for the lending of money by the International Bank for reconstruction and development, there would have to be a loan to Britain, and some objected to the Bretton Woods agreement on the ground that the loan should be made first and the Bretton Woods agreement come along later. But Congress did not agree to that. I recall that Mr. Williams, who was at that time, as I recall, president of the American Bankers Association, made a very vigorous protest against the Bretton Woods agreement on the ground that in addition to the Bretton Woods agreement we would have to make a loan of the kind now contemplated. No one knew at the time what amount it would be. It was generally understood that Britain would ask for \$5,000,000,000, and she did.

Mr. McCLELLAN. Was that the understanding, that we would have to make a loan of \$5,000,000,000?

Mr. BARKLEY. No; it was not. The argument was that in spite of the fact that we might have to make an additional loan such as the one proposed, the Bretton Woods agreement entered into, should be because it would take from a year to a year and a half to get the machinery into operation so as to serve the purpose intended under the Bretton Woods agreements, and that this loan, or a similar loan, would come along later.

Mr. TAFT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. I think it should be made clear what happened in connection with the Bretton Woods agreement. That agreement was proposed by the Treasury as a solution of the exchange difficulties of the world. Then Mr. Williams came and said, "No; that is not the proper approach. There should be what we call the 'key-nation approach.'" He said, "If we lend Great Britain \$3,000,000,000, that is the proper way to solve the exchange difficulties of the world. If that is done first, we will not have to have any Bretton Woods fund of \$6,000,000,000. We will get along with perhaps half a billion, an inconsequential amount."

Thereupon, Mr. White, of the Treasury, appeared before our committee in executive session and said that Britain did not need a loan, that Bretton Woods would solve the problem, that they owed a lot of money, but they did not expect to have any difficulty in meeting their obligations. They were afraid that if that proposal was brought forward, it would defeat Bretton Woods, and the Treasury had sold Bretton Woods as a solution of the difficulties and they did not want the key-nation approach.

Mr. McCLELLAN. Is that testimony of record?

Mr. TAFT. No; that was in executive session, but I think his general position was borne out by the testimony of the Secretary of the Treasury.

Mr. BARKLEY. Mr. White testified at length in the hearings on Bretton Woods, and he made no such statement as that in the hearings.

Mr. TAFT. No; but he became concerned that Bretton Woods would not be agreed to because this method of handling the exchange situation by lending Great Britain a sum of money was making headway in the committee. So there was an executive session, and he assured us that that was not necessary, and that Bretton Woods was the way to solve the difficulty.

I myself always took the position that Bretton Woods would not solve it, that we were throwing our money away on Bretton Woods, and now it appears we were. That never did solve the exchange situation; at least, that is now the claim of the Treasury itself.

I do not think it was understood at any time that we were going to have \$6,000,000,000 for Bretton Woods and another \$4,000,000,000 for Great Britain. The suggestion of the committee report was that there might be some additional assistance needed for Great Britain, and I think I said on the floor that I thought the claim that this would solve the problem was wrong, and that we would be

faced with the proposal of another loan for Great Britain. But certainly it was not contemplated at the time that we were going to have both Bretton Woods and a loan to Great Britain.

After all, two-thirds of this loan is to do exactly what Bretton Woods was guaranteed to do, namely, solve the exchange situation of the world and put the pound on such a basis that it could be exchangeable throughout the world. A portion of the loan, a billion and a quarter dollars, as I recall, is to enable the British to buy goods in this country, which is the only purpose for which we lend money to the other countries. We do not lend any other country money except to buy goods in this country, where, by our physical production, we can in same way benefit their economy and enable them to get their economic machinery in order. So far as two-thirds of this loan is concerned, it is to do exactly the thing Bretton Woods was guaranteed to do when it was passed by the Senate.

Mr. STEWART. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. STEWART. I wish to call the attention of the Senator from Kentucky to the statement I attributed to him on the day the debate began, April 17, and I desire to say to the Senator that his recollection about the matter is quite accurate. The Senator from Michigan [Mr. VANDENBERG] asked the Senator this question:

Am I correct in understanding the Senator to state categorically that this will be the only foreign-loan agreement which will come before the Congress?

The Senator from Kentucky replied:

So far as is now anticipated, whatever other agreements may be made, or whatever other loans may be made, will be made through the Export-Import Bank and will not require congressional action.

That was substantially the reply the Senator made to me today. I thought the words "regular channels" were used.

Mr. BARKLEY. The Senator corroborates my recollection.

Mr. STEWART. I wish to ask the Senator from Kentucky another question. I do not recall the amount stated for the Record a while ago as the sum Great Britain had subscribed to the stock of the so-called International Bank which was set up by the Bretton Woods agreement. I understand the British now say they cannot redeem that obligation unless the proposed loan is made to them.

Mr. BARKLEY. They say they cannot subscribe to the stock of the bank and the International Fund. Both those go along together as part of the Bretton Woods agreement. They say that unless they get this loan they cannot carry out their subscription to the bank and the fund, because the money with which they would subscribe their fund as part of the capital stock, at least in part, would have to be diverted to the purposes for which this loan is intended, and therefore they would not have the money with which to do both, so they would not be financially able to go into the Bretton

Woods agreement. That statement was made by Mr. Bevin.

Mr. STEWART. Assuming the loan is made to Great Britain and the subscription to the International Bank and International Fund, as the Senator calls them, is made by Great Britain, which I understand would be about \$1,300,000,000 as their portion—

Mr. BARKLEY. Both of them would amount to more than that.

Mr. STEWART. Both of them together exceed two and a half billion, I think. At any rate, suppose that action is taken, what is there to preclude Great Britain from borrowing again from the International Bank?

Mr. BARKLEY. Nothing at all. The fact that we would lend her this money for a specific purpose would not preclude her from borrowing from the International Bank out of capital stock money for another purpose.

Mr. STEWART. But it must be a specific purpose?

Mr. BARKLEY. It must be a specific purpose, for a project or a development set forth in the application for the loan.

Mr. STEWART. Assuming this loan is made, is there anything to preclude Great Britain from borrowing money from the Export-Import Bank?

Mr. BARKLEY. No; there is nothing in the law that would preclude her doing that. But even if the Export-Import Bank gets the billion and a quarter dollars it will ask which would give it a total lending power of three and a quarter billion, it could not lend Great Britain any more money, as a part of the Export-Import Bank lending, without in all probability denying some other nation a loan out of the fund, because it would all

amount to less than we are proposing to lend.

It is like asking, if I borrow money from the Riggs National Bank up to the extent of my credit and my ability to repay, what is to keep me from going to the Union Trust Co. and borrowing the same amount of money from that institution. Of course there is nothing to prevent it, but I think that the Union Trust Co. would be hesitant about lending me an amount equal to what I borrowed from the Riggs Bank if my loan from the Riggs Bank exhausted my credit and my ability to repay. Of course, there is nothing in the law that would prevent Great Britain from making application; but I am quite sure that the directors of the Export-Import Bank would have in mind the fact that we have made the United Kingdom this loan on the terms provided in the agreement, in determining whether the Export-Import Bank would make her another loan; and, furthermore, I do not think she would apply for an additional loan.

Mr. ELLENDER. Mr. President, before I was interrupted a few minutes ago I was discussing the raw materials situation in the British Isles, and I intended to discuss the imports of food and animal-feed stuffs into the United Kingdom, and the estimated quantity of the principal crops harvested in the British Isles. But instead of going further into that particular matter I now ask unanimous consent to have incorporated in the Record, following my remarks, a table which gives the importations and the estimated production of certain staple commodities.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tables referred to are as follows:

Imports of food and animal feeding-stuffs to the United Kingdom (excluding imports from Eire)

[In thousands of tons]

	1934-38 average	1940	1941	1942	1943	1944, January-June
Wheat and flour	5,451	6,331	6,099	3,864	3,975	1,747
Rice, other grains and pulses	1,524	1,065	514	164	258	60
Maize and maize meal	3,395	2,192	702	135	66	24
Other animal feeding-stuffs	1,719	1,058	325	74	12	12
Meat (including bacon)	1,423	1,298	1,203	1,301	1,358	848
Canned meat	63	116	230	282	300	107
Oilseeds, oils, and fats	1,783	1,974	1,948	1,905	2,154	1,601
Sugar	2,168	1,526	1,658	773	1,458	497
Dairy produce	889	606	665	789	655	289
Fruit and vegetables	2,604	1,484	462	467	327	368
Beverages and other foods	1,007	1,154	847	862	963	441
Total	22,026	18,834	14,654	10,606	11,525	5,394

Source: Statistics Relating to the War Effort of the United Kingdom (Crud. 6564), London, His Majesty's Stationery Office, November 1944.

Estimated quantity of principal crops harvested

[In thousands of tons]

	Wheat	Barley	Oats	Potatoes	Sugar beet	Vegetables	Fruit
1936-38 average	1,651	765	1,940	4,873	2,741	2,384	455
1939	1,645	892	2,003	5,216	3,529	2,428	836
1940	1,641	1,104	2,892	6,404	3,176	2,687	580
1941	2,018	1,144	3,246	8,010	3,236	2,974	326
1942	2,567	1,446	3,553	9,393	3,924	3,806	762
1943	3,449	1,641	3,059	9,822	3,760	3,197	705
Percentage increase since 1936-38	109	115	58	102	37	34	55

Mr. ELLENDER. Mr. President, I also intended to discuss this afternoon the question of the sterling area, the blocked sterling, and the sterling area dollar pool, but I believe the matter was sufficiently presented today on the floor of the Senate in the course of debate, and it is not my desire to further encroach on the time and patience of Senators. So I ask that at this point, following my remarks, there be printed the testimony of Secretary Vinson, appearing on pages 11 and 12 of the hearings before the Senate Committee on Banking and Currency, respecting the sterling area, blocked sterling, and the sterling area dollar pool.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE STERLING AREA

The sterling area now includes the countries of the British Empire, except Canada, and a number of other countries, mainly in the Middle East. These countries do much of their business with England and they keep most of their monetary reserves in the form of sterling in England.

Before the war sterling could be used by these countries to buy goods all over the world—in the United States, Canada, Latin-America, anywhere. For example, if Australia wanted to buy American cotton before the war, it sold the sterling for dollars and used the dollars to pay for American cotton. That is to say, sterling was freely convertible into dollars.

That was before the war. During the war the sterling area took on some new features. Because England didn't have enough gold and dollars, she no longer permitted sterling to be sold freely. She made sterling inconvertible. In practice, this means that the countries of the sterling area cannot use the sterling they receive for their exports to buy American goods, unless they obtain permission from England.

As it is now, Australia cannot use her sterling receipts to buy American cotton; but she can use the sterling to buy cotton in India or Egypt. In short, while trade among the sterling-area countries continues unaffected by these currency restrictions, the trade of all sterling-area countries with the United States is subject to the will of Britain.

We do not want England saying to Australia and other countries from which she imports, "You cannot use the sterling you acquire from us to buy goods in the United States." That would mean that American exporters would be discriminated against in all trade with the sterling area.

BLOCKED STERLING

That brings us to blocked sterling. England had to go on buying goods in the sterling area, and meeting the costs of her armies in India, Egypt, and other countries. She bought the goods and she met her war expenses in these countries by paying in sterling. England did not have the means to convert the sterling into dollars; she could not export enough to let these countries use all of their sterling to buy goods. In effect, the accumulated sterling balances were blocked from use.

The amount of sterling accumulated by various countries during the war was very large. Although England sold \$4,500,000,000 worth of her foreign investments, her wartime overseas expenditures were so enormous that sterling balances accumulated in rapid fashion. These balances now amount to \$13,000,000,000. They are held by foreign countries in the form of sterling deposits in London banks and sterling securities of the British Treasury. This is a tremendous sum for a foreign debt.

What is done about these blocked sterling balances will mean much to American trade. We do not want England saying to India and the other countries holding blocked sterling: "These balances will be freed only to buy goods in England." That would mean the exclusion of many American products from the whole sterling area.

STERLING AREA DOLLAR POOL

England also needed and bought goods outside the sterling area. Many commodities we shipped to England had to be paid for in dollars. And that was also true of some of England's imports from other countries. England had to mobilize all her dollar resources. She sold some of her American investments to obtain dollars. Other dollars were borrowed by pledging some of

her investments. In addition, England arranged to have the dollar receipts of the sterling area countries pooled in, and allocated by, London.

Under this system, when an Indian exporter sells goods in the United States he turns the dollars that he receives for his goods over to the Reserve Bank of India and receives rupees. These dollars are then sold to England for sterling. This happens in all of the sterling-area countries that have net dollar receipts. In short, all the dollar holdings of the sterling area are pooled in London.

Then when a country in the sterling area needs dollars, it applies to London. To conserve dollars, no funds are allocated to buy goods in the United States if they can be secured in any sterling-area country. That point needs emphasis. Under the sterling area dollar pool, goods are not bought in the United States if they can be found in any sterling-area country. American producers lose markets under this system. We want American exporters to have a fair chance to sell their products in every country that has dollars to pay for them.

LEGISLATIVE PROGRAM

Mr. TYDINGS. Mr. President, I understand the program tomorrow is to take up the conference report on the airport bill at 12 o'clock. The Senator from Nevada [Mr. McCARRAN], I believe, is one of the Senators primarily interested in that bill. It so happens that a week ago the War Department asked a number of Senators on the Appropriations Committee to come to the War Department tomorrow at noon, or 12:30, I have forgotten which, to talk over certain phases of the disposal of surplus property, which runs into several billions of dollars, and is a very important subject before the Appropriations Committee. In view of the situation in the Senate, I was wondering whether we would have to cancel our tentative visit to the War Department tomorrow, unless we could have some sort of general understanding that a vote would not be taken before 2:30 or 3 o'clock—I would say 3 o'clock, perhaps. I was wondering if the majority leader could give us any encouragement in that respect, or whether we had better call off our visit to the War Department.

Mr. BARKLEY. My judgment is that the Senator and his colleagues had better call off the visit. We have postponed the consideration of this conference report two or three times. It was scheduled for last Tuesday. On account of the death of the Chief Justice we had to postpone it again. The Senator from Maine [Mr. BREWSTER] had to be out of the city until tomorrow, and we put it off for a week. There is no way to tell how long the debate will run, but both sides have rather indicated that we could dispose of it within an hour. I would certainly hope that we could, because if it should go to 3 or 4 o'clock we would lose the whole day of debate on the British loan measure, which I would regret very much. I cannot give any assurance to the Senator and I would not want to make any agreement in the absence of the Senator from Maine and the Senator from Nevada.

Mr. TYDINGS. I have spoken to the Senator from Nevada and he is perfectly agreeable to having the vote postponed to 3 o'clock. Let me say to the Senator from Kentucky that while we are talk-

ing about lending \$3,750,000,000, some of which we cannot hope to get back again, it is quite important to get a little money to put into the Treasury, and I think the meeting tomorrow might lead to some policies which may save several hundred million dollars to the Treasury, and I am very anxious to attend the meeting.

Mr. BARKLEY. I am as anxious as is the Senator from Maryland to save money for the Government. I doubt very much, however, whether we would lose much money by putting the meeting to which the Senator refers off for a couple of days.

Mr. TYDINGS. The meeting has been put off several times, and I should like to know if we cannot have unanimous consent to fix the hour for a vote on the airport measure at 3 o'clock tomorrow.

Mr. BARKLEY. In the absence of the Senator from Maine I would not feel at liberty to make an agreement of that kind. So far as I am concerned it would be entirely agreeable to me. I, myself, had an engagement which would have taken me out of the city tomorrow, which I have had to cancel.

Mr. TYDINGS. I was wondering if someone on the Republican side could give us any encouragement.

Mr. TAFT. Mr. President, I have tried to get in touch with the Senator from Maine, and I cannot do so before the Senate will take its recess today. I think the Senator from Maine feels very strongly that we should proceed and carry out the agreement, and not put off consideration of the conference report again. It has been put over twice. I think we ought to proceed to consider it tomorrow.

Mr. TYDINGS. In that situation I think there is nothing for us to do but to call off our meeting tomorrow. But I will say that in my opinion it will be long after 3 o'clock before we vote on the conference report, so we will have killed one-half a bird with three stones again.

Mr. BARKLEY. I regret that situation, and if the Senator from Maine were present I would suggest that instead of beginning at 12 o'clock we begin consideration of the report at 2 or 3 o'clock. If that could be done I would be agreeable to it. But inasmuch as the Senator from Maine is returning tomorrow from an absence from the Senate which he said was unavoidable, I do not feel that we should postpone consideration again.

Mr. TYDINGS. I am not blaming the majority leader, who is doing the very best he can under circumstances beyond his control, but I was hoping that some Senator on the other side could put into effect the suggestion he has made.

Mr. BARKLEY. I hope that the necessity for changing the date of the conference in the War Department will not result in any lapse in the effort of both the Department and the Senators to get some money back into the Treasury.

PERMISSION TO SHIP RELIEF SUPPLIES TO PERSONS IN FORMER ENEMY COUNTRIES

Mr. EASTLAND. Mr. President, I ask unanimous consent that the Senate proceed immediately to consider Senate bill 2101, to amend the Trading With the

Enemy Act, as amended, to permit the shipment of relief supplies.

Mr. KNOWLAND. Reserving the right to object, I should like to have an explanation of the proposed legislation.

Mr. EASTLAND. The bill authorizes private relief agencies to ship food parcels and medicines into Japan, Austria, and Germany where it is necessary to do so in order to relieve starvation and suffering. It has been requested by General Clay. It has been requested by various organizations, by the Friends—that is, the Quakers—by numerous charitable organizations, and by the general who is in charge of the food-procurement policy of the Army.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2101) to amend the Trading With the Enemy Act, as amended, to permit the shipment of relief supplies, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 6, after "Sec.," to strike out "32"; and in line 10, before the word "donate", to strike out "sell", so as to make the bill read:

Be it enacted, etc., That the Trading With the Enemy Act, as amended, is amended by adding the following new section at the end thereof:

"Sec. —. (a) Notwithstanding any other provision of this act, it shall be lawful, at any time after the date of cessation of hostilities with any country with which the United States is at war, for any person in the United States to donate, or otherwise dispose of to, and to transport or deliver to, any person in such country any article or articles (including food, clothing, and medicine) intended to be used solely to relieve human suffering.

"(b) As used in this section—

"(1) the term 'person' means any individual, partnership, association, company, or other unincorporated body of individuals, or corporation or body politic;

"(2) with respect to any country with which the United States was at war on January 1, 1946, the term 'date of cessation of hostilities' shall mean the date of enactment of this act;

"(3) with respect to any other war the term 'date of cessation of hostilities' shall mean the date specified by proclamation of the President or by a concurrent resolution of the two Houses of Congress, whichever is the earlier."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HOEY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WALSH, from the Committee on Finance:

Sundry candidates for appointment and promotion in the Regular Corps of the United States Public Health Service.

By Mr. McCARRAN, from the Committee on the Judiciary:

Samuel B. Kemp, of Hawaii, to be chief justice of the supreme court, Territory of Hawaii.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

GOVERNOR OF THE VIRGIN ISLANDS— NOMINATION PASSED OVER

The legislative clerk read the nomination of William H. Hastie to be Governor of the Virgin Islands, which nomination had previously been passed over.

Mr. ELLENDER. Mr. President—

Mr. BARKLEY. Mr. President, I understand that the Senator from Louisiana desires to have this nomination passed over again. I hope we may have action on it without much further delay.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

FOREIGN SERVICE

The legislative clerk read the nomination of Lowell C. Pinkerton to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Iraq.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimously consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

Mr. BARKLEY. I ask that the President be immediately notified of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

That completes the calendar.

LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, the Senator from Louisiana [Mr. ELLENDER] advises me that he has not yet concluded his remarks, and desires recognition tomorrow. We have a special order of business for tomorrow, but the Senator from Louisiana desires recognition after that shall have been disposed of.

Mr. ELLENDER. Mr. President, I desire recognition upon the resumption of consideration of the British loan.

The PRESIDING OFFICER. Without objection, the Senator from Louisiana will be recognized at that time.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, April 30, 1946, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 29 (legislative day of March 5), 1946:

DIPLOMATIC AND FOREIGN SERVICE

Prentice Cooper, of Tennessee, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

DEPARTMENT OF JUSTICE

ASSISTANT ATTORNEYS GENERAL

David L. Bazelon, of Illinois, to be an Assistant Attorney General, vice Norman M. Littell.

Douglas W. McGregor, of Texas, to be an Assistant Attorney General, vice Hon. Samuel O. Clark, Jr.

UNITED STATES ATTORNEYS

Respass S. Wilson, of Arkansas, to be United States attorney for the western district of Arkansas, vice Clinton R. Barry, term expired.

John D. Clifford, Jr., of Maine, to be United States attorney for the district of Maine. (Mr. Clifford is now serving in this office under an appointment which expired March 4, 1946.)

MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

Nadine Lane Gallagher, of the District of Columbia, to be an associate judge of the municipal court for the District of Columbia, vice Hon. Brice Claggett, elevated.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 29 (legislative day of March 5), 1946:

FOREIGN SERVICE

Lowell C. Pinkerton to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Iraq.

POSTMASTERS

ARIZONA

Hazel M. Peebles, Sacaton.

CALIFORNIA

Charles V. Shaffer, Del Paso Heights.
Lawrence N. Fowler, Kelseyville.
William I. Stewart, Kernville.

ILLINOIS

J. Wiley Lucas, Abingdon.
William P. Hall, Elizabethtown.
Fred R. Drews, Sidney.

IOWA

Raymond W. Thomas, Green Mountain.

MARYLAND

Thomas H. Collier, Grasonville.
Betty P. Jones, Parsonsburg.

MISSISSIPPI

Barbara F. Gerrard, Bentonla.
Hazel D. McDonald, Osyka.

MISSOURI

Henry E. Roper, Bernie.

NEW YORK

Ivanna O. Lewis, Alfred Station.
Mamie S. Otten, Commack.
Casmira S. Jendral, Mastic Beach.

NORTH CAROLINA

Gwendolyn H. Deviney, Casar.
Claude W. Eason, Lowgap.
Thelma D. Warren, Newton Grove.
James A. Rawls, Oak City.
Nellie H. Goodman, Oakboro.
William J. Moore, Rosman.

OKLAHOMA

Robert D. Farish, Konawa.

PENNSYLVANIA

Kenneth C. Hilliard, Mount Bethel.

SOUTH CAROLINA

Pearl J. Sauls, Cades.

Sarah L. Bussey, Modoc.

Horace T. Fanning, Springfield.

WEST VIRGINIA

Virginia O. Pomeroy, Kopperston.

WISCONSIN

Charles W. Lee, High Bridge.

SENATE

TUESDAY, APRIL 30, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Dr. C. Leslie Glenn, rector, St. John's Church, Washington, D. C., offered the following prayer:

Almighty God, who hast created man in Thine own image, grant us grace fearlessly to contend against evil and to make no peace with oppression; and, that we may reverently use our freedom, help us to employ it in the maintenance of justice among men and nations, to the glory of Thy name. Through Christ our Lord. Amen.

THE JOURNAL

On request of Mr. HATCH, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, April 29, 1946, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HATCH. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Myers
Austin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Bankhead	Hickenlooper	Pepper
Barkley	Hill	Radcliffe
Brewster	Hoey	Reed
Bridges	Huffman	Revercomb
Briggs	Johnson, Colo.	Robertson
Brooks	Johnston, S. C.	Russell
Buck	Kilgore	Saltonstall
Bushfield	Knowland	Shipstead
Butler	La Follette	Smith
Byrd	Langer	Stanfill
Capehart	Lucas	Stewart
Capper	McCarran	Taft
Carville	McClellan	Taylor
Cordon	McFarland	Thomas, Okla.
Donnell	McKellar	Thomas, Utah
Downey	McMahon	Tunnell
Eastland	Magnuson	Tydings
Ellender	Maybank	Wagner
Ferguson	Mead	Walsh
Fulbright	Millikin	Wheeler
Gerry	Mitchell	Wherry
Green	Moore	Wiley
Guffey	Morse	Wilson
Gurney	Murdock	Young
Hart	Murray	

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Mississippi [Mr. BILBO], the Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. GOSSETT], and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] is necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ] is detained on public business.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Indiana [Mr. WILLIS] is necessarily absent.

The PRESIDENT pro tempore. Eighty-three Senators have answered to their names. A quorum is present.

AIRPORT DEVELOPMENT—CONFERENCE REPORT

Mr. McCARRAN. Mr. President, some time ago an order was made by unanimous consent that the conference report on Senate bill 2, known as the airport bill, should be taken up today at 12 o'clock. Some days ago an invitation was extended by representatives of the Air Corps to a number of Senators requesting that they attend a luncheon today at 12:30 o'clock. I therefore ask unanimous consent that the consideration of the conference report may go over until 2 o'clock today, the report to be voted on by the Senate on or before 4 o'clock today.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

NOTICE OF HEARING ON NOMINATION OF NADINE LANE GALLAGHER TO BE ASSOCIATE JUDGE, MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, May 7, 1946, at 10:30 a. m., in the Senate Judiciary Committee room, upon the nomination of Nadine Lane Gallagher, of the District of Columbia, to be an associate judge of the municipal court for the District of Columbia, vice Hon. Brice Clagett, elevated. At the indicated time and place, all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Wisconsin [Mr. WILEY].

REPORT ON DISPOSAL OF UNITED STATES SURPLUS PROPERTY IN FOREIGN AREAS

The PRESIDENT pro tempore laid before the Senate a letter from the Secre-

tary of State, transmitting, pursuant to law, the first report of the Department of State on the disposal of United States surplus property in foreign areas (with an accompanying report); to the Committee on Military Affairs.

PETITION

The PRESIDENT pro tempore laid before the Senate a telegram in the nature of a petition from the Pioneer Woman's Club, of Lakewood, N. J., praying for the enactment of legislation to continue the Office of Price Administration; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAYBANK, from the Committee on Military Affairs:

S. 2061. A bill to provide for sundry matters affecting the armed forces, and for other purposes; with amendments (Rept. No. 1265).

By Mr. TUNNELL, from the Committee on Education and Labor:

H. R. 4437. A bill to provide for the return of public employment offices to State operation, to amend the act of Congress approved June 6, 1933, and for other purposes; with amendments (Rept. No. 1266).

By Mr. SMITH, from the Committee on Military Affairs:

H. R. 3959. A bill to provide for the burial in the Memorial Amphitheater of the National Cemetery at Arlington, Va., of the remains of an unknown American who lost his life while serving overseas in the armed forces of the United States during the Second World War; without amendment (Rept. No. 1267).

POSTWAR CIVILIAN PERSONNEL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES (S. DOC. NO. 177)

Mr. BYRD. Mr. President, a report on postwar civilian personnel in the Federal Government submitted to Congress today by the Joint Committee on Reduction of Nonesential Federal Expenditures discloses that in the first 5 months following VJ-day there was a net increase of 86,822 in personnel employed by old-line agencies inside the United States exclusive of War and Navy Departments. Major reductions, of course, were reported by the War and Navy Departments, but a great part of their reductions were effected among industrial employees, no longer needed in the war effort, who were employed in arsenals, shipyards, and munition plants inside the United States or working on construction of airfields and roads abroad.

In August 1945, the all-time peak in Federal employment, there were 3,649,769 Federal workers both inside and outside the United States. As of January 31, this over-all total decreased to 2,893,670, a reduction of 756,099. Included in this reduction were 298,003 civilian employees of the War Department stationed outside the United States and 313,367 inside the United States. Also included in this reduction were 134,348 Navy Department employees.

It is obvious, therefore, that in large measure reduction in employment in the Federal Government since VJ-day has been confined to employees engaged in